

Tuesday, August 12, 2008

Robert Reich, Political Hackster Extraordinaire

Amusing; Robert Reich who has never been known to manage anything close to the truth in his speech, wrote quite a screed on "[McCainonomics .vs. Obamanomics](#)"

If only he had a brain. Pull up Sir Robert's idiocy and follow along; his claim is that McCain's program devolves down into:

1. Tax breaks to "the rich."
2. Tax breaks and fewer regulations for corporations.
3. Drill drill drill.
4. Insure Wall Street against losses (with taxpayer money)

Ok, let's rip this apart piece by piece.

First, 1 and 2 are non-events. McCain won't have a majority of either House of Congress, therefore we will get tax **increases** irrespective of what anyone wants. There simply aren't the votes to prevent the Bush Tax Cuts from expiring. Deal with it.

#3 sounds interesting but in fact there's more to this. See, it is the Democrats and specifically the left-wing ideologues who have prevented any sort of sustainable energy program in the United States for **the last 30 years**. Bob Reich is one of those people. An inconvenient **fact**.

As just one example, for several years Diesel engines in passenger cars were **banned** in California. Why? It was technologically impossible at the time for them to meet *one state's* emission standards. So as a consequence you couldn't buy them, never mind that they get 30% more miles from a gallon of fuel than gasoline vehicles do.

Conservation? Mandate compression-ignition engines and you go a long way toward making that happen. But no! We can't have actual solutions that work.

Drill drill drill? How about "nuke nuke nuke"? None in the last 30 years. Why? Lawsuits and blockage from Democrats. Oooohhhhhh its so SSSSCCAAARRRRYYYYY.

Does Nuclear Power come with risk? Yes. Now show me a technology that does not. Good luck.

You want to grow GDP, you must grow energy output. Period. This is a fact and no amount of whining changes it.

As for the Credit Markets, I've yet to hear McCain or Obama say **anything** about actually fixing that problem. Fixing it means locking up the people who did the evil things, which just happens to include a lot of powerful people and a whole bunch of common Americans too. Mortgage fraud was pervasive up and down the line, but this problem wasn't confined to mortgages, it was **literally everywhere**. We can start with Congresspeople who got \$70,000 worth of "benefit" from below-market mortgage rates from *Countrywide*. What say you Bob?

Ok, now let's look at Obamanomics, which Reich identifies as:

1. Productivity of workers.
2. Education, health and infrastructure (paid for by government)
3. 1 + 2 makes capital come here
4. Non-oil and non-carbon energy, plus conservation, are the answer.
5. "Improve financial security of average Americans."

Ok. Let's take 'em on.

1 and 2. Pay for it by government. Uh, how? Government doesn't make anything. To pay for this therefore, the people must pony up. Now we can either extract this by force and give it from one person to another, or we can effort to make the fruits of that expenditure available more to individuals and thereby incent them to spend and invest in themselves.

Which works better? Open question, but this much is for certain - welfare in all its forms has done damn little to benefit anyone except the government agencies that run the programs.

#3 - see #1 and #2. Oh, and how do you deal with the fact that we allow the Chinese to build DVD players for export to our shores; they're much "more productive" per unit of cost, but that has a lot to do with being paid 25 cents/hour along with being threatened in various forms if they won't work hard, fast or long enough. Does Obamanomics address this "wage arbitrage" that is founded upon abuse of people? Apparently not, because I've heard nothing of it.

#4; energy. Conservation can't fix this. Neither can non-carbon-based anything. Like it or not, thermodynamics get in the way. We **can** move to a sustainable non-petroleum infrastructure for transportation fuels, and we **can** move rail to electrified service, but to do both we need nukes, and lots of them. Hundreds. This means totally gutting the ability of environmentalist whack jobs like The Sierra Club to slow down or outright obstruct these plants.

#5; improving financial security. Well that one's easy Bob. Stop trying to give people a free lunch and stop telling them they can have one.

Really. See, it wasn't long ago that a middle-class house for a family of four was 1100 square feet with three small bedrooms, a living room, an eat-in-kitchen and a 20x15 living room, plus one bathroom containing a tub, two sinks and a toilet.

How do I know? I grew up in one. My father was a CPA.

Today such a home would be considered "ghetto". Its not big enough. It didn't have Air Conditioning. It had a black-and-white TV - one - and one telephone, wired to the wall, with basic phone service that cost a few dollars a month. We had two cars, but only one was "nice"; the other, for my mother, who didn't work, was pretty much an older piece of junk. It started and ran, but too had no air conditioning or fancy stereo - just an AM radio.

Today, *nobody is willing to live like that* and yet this is why we're in such trouble. Everyone in the so-called "middle class" needs two *European* or *Japanese* cars; an old beater is not good enough. Our houses have \$500 monthly air conditioning bills, partly because we have (and use it) and partly because a 1100 square foot home isn't big enough for a family of four - we need twice or even three times as much space to be

"middle class."Â We don't cut our own lawns, we have a lawn boy.Â Telephone?Â Cellular please, one for each family member - \$150/month.Â TV?Â \$80 cable bill (instead of the 4 stations over-the-air we used to get with an antenna we lashed to our chimney)

The truth, Robert, is that *nobody wants to hear the truth.*

40Â years ago when I was young (but sentient) my parents *wrote a check* when I needed to go to the doctor.Â We didn't have fancy machines or fancy drugs.Â Life went on.Â Sure, some people died sooner, but we didn't spend 25% of our federal budget on trying to get you *one more year of life*, nor did we spend anything from the public budget on your lung cancer if you were silly enough to smoke.Â Yeah, I know, they didn't say it was bad for you - but everyone knew it was.Â Same with booze.

You want to show me a candidate that will address any of this please?Â It certainly isn't either Obama or McCain.

Obama wants to spend money we don't have, and McCain wants to look the other way while people rob us of money we don't have.Â The difference?Â Semantics.

Obama tries to claim he's "not in the pocket of Wall Street."Â Opensecrets.org says otherwise.Â McCain doesn't even bother running that line of claptrap.

Reality, Robert, is this:

1. We cannot give everyone health care on the government (that is, our) backs to the limit of their desire to ask for it.Â The money doesn't exist, so says the CBO.Â Remember David Walker?Â He's the former Comptroller General, knows the numbers better than anyone, and agrees with me.
2. We can't have \$30 DVD players made in China and a strong, high-quality and high-paid labor force in America.Â So long as we offshore our manufacturing to places that allow people to literally be enslaved for pennies an hour sewing our jeans, along with permitting illegal immigrants to come into this country and pick strawberries so we pay 25 cents/quart less, *global wage arbitrage insures that we sink our boat while theirs rises.*Â Governments where the people cannot strike, cannot speak out, cannot even demonstrate during *The Olympics* are not presiding over a free people and their economic systems are no more free than their right to speak.Â *We must choose as Americans between those \$30 DVD players and quality jobs here at home.*
3. We can't solve our energy problems, either in quantity or cost, with conservation.Â Further, if we want to grow our economy, we must grow energy output.Â Period.Â The options are few for short-time relief, and drilling is one of the most immediate and sensible.Â Intermediate term we need nukes, and lots of them.Â Longer-term we need to focus on a *viable* hydrocarbon fuel that doesn't come out of a straw.Â We can get there - blue-green algae aquaculture is one of the better potential solutions, but doing so requires that we prepare for a future in which vehicles are compression-ignition based and flex-fuel capable.Â This will mean giving up some of our "clear air" demands, in the short term.Â Life is about trade-offs; we get rid of coal as a generating fuel for electricity and trade nuclear for it, but we increase emissions somewhat from vehicles.Â Its worth it, and we should go that direction.
4. Our Capital Markets will not be the place to attract anything until we clean out the corruption and fraud.Â It starts with Congress.Â Those Congresspeople who got benefits from mortgage lenders all must go - out of office, and into jail.Â All lenders, bankers, hedge fund managers and others in the Wall Street business who committed fraud, without exception, need to go to Federal "pound me in the butt" prison.Â No exceptions.Â If we want a capital market system that attracts and hold foreign capital, we need a **clean system**Â that is beyond reproach.Â Are you up to calling for REAL reform Robert, or just slinging mud?
5. Taxes must shift to consumption and away from income.Â You want to encourage investment?Â Then stop taxing it.Â *The Fair Tax* is the only plan I've seen on the board in detail that does the job, gets the poor off the tax roles and removes the IRS from everyone's life.Â The rich pay more if they

choose to live rich; if not, they have lots of capital to invest, and that returns its value all on its own. Taxing income is idiotic and counter-productive, not to mention leading to an entire industry on "K" street that exists only to game the system for their benefit and everyone else's loss.

Its time stop lying to America Robert, and you're one of the liars.

If you're serious about *Change We Can Believe In*, then how come you're not pounding Obama over the head with these facts?

What is your **real** agenda Bob? Are you truly interested in bettering America, or are you interested in buttering the age-old political hacksterism for which both Democrat and Republican have become famous?

Let's find out.

Posted by Karl Denninger at 22:18

In regards to nationalised health care, I've come to understand that the real problem is not a resource allocation issue insomuch as a fundamental supply and demand problem. With the current structure, it just doesn't matter if the money **was** sitting there: it would just serve to rearrange the current shortages. No amount of money will change that, but because only 1/100th of people understand this, the political response while a nationalised health system is in place is to increase funding to cover the inevitable care shortages. Since the resources to better the system aren't even there, everything just becomes more expensive and wasteful. With a nationalised system, there is no turning back. Conversely, a private or two tiered system (which is effectively what the USA has) can be dynamically organised by the participating agents to find the optimal balance between efficiency and care. Anonymous on Aug 28 2008, 09:37