

Call Obama's Bluff

Obama demands \$447 for his jobs legislation—or he will hold his breath until he turns blue and the GOP caves in.

Criticism number one is that the scheme will probably cause more jobs to be lost in the long run than it creates in the short run because Obama will eventually suck hundreds of billions of dollars in taxes out of the private economy to pay for it. (Some people in the Caribbean may be happy, however, because Obama's proposal includes \$105 million for "the Puerto Rico highway program." How that will help reduce the horrendous unemployment rate in Detroit has not been explained.) Obama believes that giving a business owner a \$4,000 tax credit to hire someone today will somehow make him forget that his taxes will be raised much more than \$4,000 tomorrow.

Obama is not too certain of his own plan because he has been careful not to predict how many jobs his proposal will create—he does not want to be held accountable or have his own promises used against him. But some "sources in the administration" have been tossing around a figure of two million jobs. Laughable as that may be, let's do the math:

\$447 billion divided by 2 million jobs equals \$223,500 per job.

If it had \$447 billion lying around somewhere the government could give every one of the 15 million unemployed Americans a check for \$29,800. Obama would rather spend \$223,500 to help only two million of them. Yet even that assumes every dollar out of the \$447 billion would go toward job creation. That will certainly not be the case, because the proposed legislation is loaded with bail-out funds, such as \$2 billion for the perennially-in-the-red Amtrak, and cash for perennially-in-the-red states that have been unwilling to balance their budgets. Anyone who believes \$447 billion can be spent by the government without at least 20 percent in inefficiencies, waste, and fraud skimmed off the top probably also believes the media sycophants who refer to Michelle Obama as *svelte*.

Obama's desired "infrastructure bank" will have seven members, all appointed by him, of course. (So, give him credit for creating seven jobs for bureaucrats.) The seven will have an annual fund of \$10 billion, set to grow to \$20 billion after two years, and then reaching \$50 billion per year after 10 years. According to the legislation, "administrative costs" for the "bank" will be as much as \$50 million *per year*. (It costs \$50 million to decide where to spend 10 billion? How difficult is it to obtain a list of Democrat donors?)

Reasonable people might ask how \$447 billion can create jobs *now* if the money is not all going to be spent *now*. Why will the infrastructure bank even *exist* in 10 years? Does Obama expect the jobs crisis to last another *decade*? (It certainly will if he is reelected.) Where will that infrastructure bank get \$50 billion *per year*? Clearly, the Obama scheme is more than the creation of a few jobs to help him get reelected; it is intended to establish additional bureaucracies the taxpayers and increase dependency on government. (No one

who works for or depends on the infrastructure bank will vote for someone who advocates its elimination.)

The \$25 billion Obama wants for school repairs has “green strings” attached. The money is set aside for “green” roofs, “green cleaning” programs, and the “installation or upgrading of renewable energy generation and heating systems, including solar, photovoltaic, wind, biomass (including wood pellet and woody biomass), waste-to-energy, solar-thermal, and geothermal systems, and energy audits.” Considering how Obama burned through \$535 million in tax dollars for his campaign donor pals at Solyndra—which recently closed its doors after it realized it could not make a profit manufacturing solar panels—some might be skeptical of Obama’s “green” expertise. “Woody Biomass” is probably better off as a name for a Disney character than a way to heat schools in the middle of a New Hampshire winter. (But student frostbite is probably covered by ObamaCare, so all is perhaps not lost.)

The \$25 billion for the schools also includes “infrastructures to accommodate bicycle and pedestrian access.” Parents who have been losing sleep over such things now have a reason to vote early and often in November 2012. (There is no word on what makes a bike rack “green,” but Obama probably has a team of overpaid bureaucrats working on a 450-page regulation.)

So, criticism number one is that Obama’s scheme will create few jobs—and those it creates will be *very* expensive, costing at least \$223,500 each.

Criticism number two is that Obama lied when he said his program is “fully paid for.” He made that claim on September 8. On September 12 he explained where the money would come from: tax increases. But those tax increases will be spread out over 10 years, conveniently starting in 2013—*after* the election.

If Obama’s proposal is funded with *future* tax increases it can hardly be said that it is “fully paid for”—at least not in the way that normal people interpret the term “fully paid for.” (Imagine a teenager asking his parents for a new car with this argument: “But it won’t cost you a dime! Buy the car for me now and I promise to get someone else to start paying you back in 15 months.”) Spreading out the cost of Obama’s proposal over 10 years means borrowing \$447 billion now. It also means 10 years of interest on that borrowed money. Those interest costs raise the price of the Obama proposal to about \$570 billion—*if* interest rates do not increase. (That interest rates will remain unchanged is about as likely as Rachel Maddow joining the Tea Party or the end of Anderson Cooper’s stammering.)

Many have pointed out that Obama does not even expect his jobs plan to pass. It was proposed only to force the Republicans to reject it, so that Obama can spend his entire reelection campaign whining about an obstructionist Congress. The media is doing its best to support Obama, already comparing him to Harry Truman and his 1948 campaign against a “do nothing” Congress. (It was not a “do nothing” Congress; it was a “don’t give Truman everything he wants without question” Congress. Today, many Americans

would be quite happy to have a “do nothing” Congress, because doing nothing is less expensive than doing something that is ill-advised.)

Obama is playing his usual game of “heads I win, tails you lose.” If Congress passes his plan, he gets what he wants—bigger government and more people dependent on it. If, as he expects, Republican legislators reject his plan, he has an enemy to rail against throughout his campaign—and reliable media toadies condemning the GOP for the next 13 months. But the Republicans have an option: *call Obama’s bluff now*. Because the \$447 billion for Obama’s scheme must be borrowed, the debt ceiling must also be raised by that amount. Although that will not be necessary if the jobs bill does not pass, the GOP would be wise to act as though it will pass and immediately introduce legislation to raise the debt ceiling by the amount Obama is demanding to spend. Here is the script for the press conference:

House Speaker John Boehner (R-OH): “House Republicans agree that something must be done immediately to create jobs. Mr. Obama has proposed legislation that will cost \$447 billion. It would clearly be irresponsible for the Congress to pass such a bill without first assuring that it can be ‘fully paid for,’ as he himself promised it would be. Accordingly, we are immediately introducing legislation to raise the debt ceiling by \$447 billion. We expect that Mr. Obama will call on his fellow Democrats in the House and the Senate to support that measure, for without an increase in the debt ceiling his jobs proposal is meaningless.”

Senate Minority Leader Mitch McConnell (R-KY): “Of course, if Mr. Obama and the Democrats choose not to raise the debt ceiling, we welcome their proposals for immediate spending cuts to offset the cost of his jobs bill. But until it is in fact “fully paid for” we cannot in good conscience pass his jobs proposal. We agree with Mr. Obama that it must be fully paid for. But the money must be there first.”

Then sit back and enjoy the show...

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