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Democrat's Naive Economics Deserve Derisive Laughter

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WASHINGTON — Barack Obama has made his economic thinking excruciatingly clear, so it also is clear that his running mate should be Rumpelstiltskin. He spun straw into gold, a skill an Obama administration will need in order to fulfill its fairy-tale promises.

Obama recently said he would “require that 10 percent of our energy comes from renewable sources by the end of my first term — more than double what we have now.” Note the verb “require” and the adjective “renewable.”

By 2012 he would “require” the economy’s huge energy sector to — here things become comic — supply half as much energy from renewable sources as already is being supplied by just one potentially renewable source. About 20 percent of America’s energy comes from nuclear energy produced using fuel rods, which, when spent, can be reprocessed into fresh fuel.

Obama is (this is part of liberalism’s catechism) leery of nuclear power. He also says — and might say so even if Nevada were not a swing state — he distrusts the safety of Nevada’s Yucca Mountain for storage of radioactive waste. Evidently he prefers today’s situation — nuclear waste stored at 126 inherently insecure above-ground sites in 39 states, within 75 miles of where more than 161 million Americans live.

But back to requiring this or that quota of energy from renewable sources. What will that involve? For conservatives, seeing is believing; for liberals, believing is seeing. Obama seems to believe that if a particular outcome is desirable, one can see how to require it. But how does that work? Details to follow, sometime after noon, Jan. 20, 2009.

Obama has also promised that “we will get 1 million 150-mile-per-gallon plug-in hybrids on our roads within six years.” What a tranquilizing verb “get” is. This senator, whose has never run so much as a Dairy Queen, is going to get a huge, complex industry to produce, and is going to get a million consumers to buy, these cars.

How? Almost certainly by federal financial incentives for both — billions of dollars of tax subsidies for automakers, and billions more to bribe customers to buy these cars they otherwise would spurn.

Conservatives are sometimes justly accused of ascribing magic powers to money and markets: Increase the monetary demand for anything and the supply of it will expand. But it is liberals like Obama who think that any new technological marvel or other social delight can be summoned into existence by a sufficient appropriation. Once they thought “model cities” could be, too.

Where will the electricity for these million cars come from? Not nuclear power (see above). And not anywhere else, if Obama means this: “I will set a hard cap on all carbon emissions at a level that scientists say is necessary to curb global warming — an 80 percent reduction by 2050.”

No he won’t. Steven Hayward of the American Enterprise Institute notes that in 2050 there will be 420 million Americans — 40 million more households. So Obama’s cap would require reducing per capita carbon emissions to levels probably below even those “in colonial days when the only fuel we burned was

wood.”

Regarding taxes, Obama says “we don’t want to return to marginal rates of 60 or 70 percent.” The top federal rate was 70 percent until the Reagan cuts of 1981. It has since ranged between 50 in 1982 and today’s 35. Obama promises that expiration of the Bush tax cuts will restore the 39.6 rate. He also favors a payroll tax of up to 4 percent on earnings above \$250,000 (today, only the first \$102,000 is taxed), most of which also are subject to the highest state income tax rates. When the top federal rate was set at 28 under Reagan, payroll taxes were not levied on income over \$42,000, so the top effective rate of combined taxes was under 35. Obama’s policies would bring it to the mid-50s for many Americans, close to the 60 percent Obama considers excessive.

There never is a shortage of nonsensical political rhetoric, but really: Has there ever been solemn silliness comparable to today’s politicians tarding up their agendas as things designed for, and necessary to, “saving the planet,” and promising edicts to “require” entire industries to reorder themselves?

In 1996, Bob Dole, citing the Clinton campaign’s scabrous fundraising, exclaimed: “Where’s the outrage?” This year’s campaign, soggy with environmental messianism, deranged self-importance and delusional economics, the question is: Where is the derisive laughter?

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