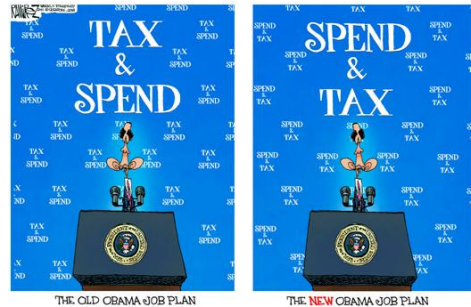


JOBS – PART VII: DON'TS AND DOS

Stephen L. Bakke  December 1, 2011

“Congress needs to pass the rest of my American Jobs Act,” said Obama, after Dems and the GOP passed modest legislation aimed at making it easier to hire veterans, “so that we can create jobs and put money in the pockets of the middle class.” But Obama’s words belie the real trouble with him: He doesn’t really have a Jobs Act. He doesn’t have a budget, a foreign policy, an energy policy, an immigration policy. Instead he only acts like he has some of these Complicating things for Obama is the dilemma that is that he has never really

decided in life who he really is. – John Ransom, Townhall



(T)he supporters of tariffs treat it as self-evident that the creation of jobs is a desirable end, in and of itself, regardless of what the persons employed do. That is clearly wrong. If all we want are jobs, we can create any number -- for example, have people dig holes and then fill them up again, or perform other useless tasks. Work is sometimes its own reward. Mostly, however, it is the price we pay to get the things we want. Our real objective is not just jobs but productive jobs -- jobs that will mean more goods and services to consume. – Milton Friedman, Economist

It All Seems So Obvious

I hesitated from even putting my thoughts down on paper for this report. To me, some of these things seem too obvious to even mention. But yet again, it appears that the obvious (for me) is escaping notice by the current administration. Obama is trying to walk a tightrope between elements of his base – unions on the one side, and devout environmentalists on the other – as regards energy policy and energy independence. The thin tightrope of “nuance” is getting thinner by the minute, but “The Performer President” is determined to keep walking that tight rope.



They Actually Think They’re Creating Jobs! – from The Patriot Post

Another thing I sense is that a “jobs” analysis fits almost “hand in glove” with a general analysis of the economy. That is to say, for the most part, the solutions are the same. So here goes.

Don’ts and Dos – Energy and EPA

Where should I start? Why not with some comments on energy and EPA regulation:

- **Please don't** continue this absurd "deliberation" about whether to permit the Keystone SL pipeline to cross the U.S. to the Gulf area. We need energy from friendly sources for reasons of job creation, general economic improvement, and national security. The oil is going to somebody, and why not the U.S.? It's an accepted



fact that considerable thousands of jobs will follow immediately any approval of this much needed project. And the follow-on jobs will likely be many multiples of the initial construction jobs. And think about the national optimism that would be created by a prompt approval! **And all without taxpayer funds!**

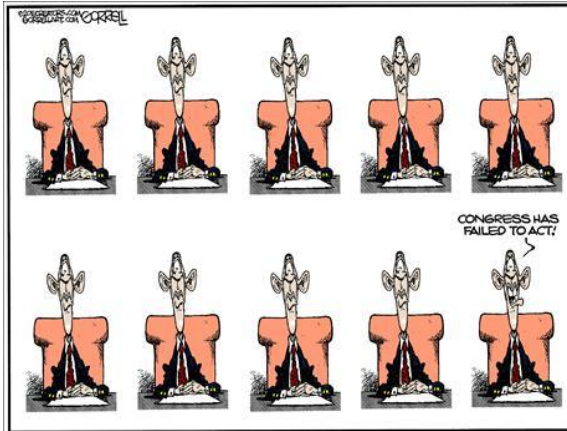
- **Please do** the smart thing and change the administration's attitude toward using America's natural resources of carbon fuel. The U.S. is potentially the world leader in carbon fuel energy resources. Think about it – the Bakken Formation, Anwar, the Gulf of Mexico, natural gas deposits, shale oil, and "fracking" as a process for recovery of oil and natural gas. We are sitting on a bonanza of natural resources that we should use carefully and wisely. By opening your arms to these ideas, jobs would flow into our economy!



- **Please don't**, like a "dog with a bone," hold relentlessly to the argument that we can eliminate the jobs crisis by promoting "green jobs" almost exclusively. Get off it! Steve Forbes described Obama as having "the most anti-oil and gas record in U.S. history." Obama has tried to strangle America's oil and gas industry to death – but it refuses to die.

- **Please do** apply logic while using all available information when considering the decision as to whether we can create jobs promoting traditional energy sources. Consider the fact that **in spite of existing constraints**, there are reports of booming business in energy rich regions of the U.S. Whether we like it or not, **traditional energy is "where it's at"!** While unemployment has risen, there has been an 80% increase in oil and gas jobs since 2003.
- **Please don't** hide the fact that states that embrace oil and gas production are reaping the rewards. North Dakota, for example, has the nation's lowest jobless rate, at 3.5%, much as a result of an entrepreneurial push for harvesting from the fabulously oil rich Bakken Formation. And North Dakota has **thousands of unfilled jobs!** Some jobs have the potential of paying into six figures.
- **Please do** remember the incredible job creation potential in Pennsylvania's Marcellus shale formation. Eastern Ohio has great potential for developing its Utica shale, and Texas, Louisiana, and Oklahoma are struggling, but achieving, measurable expansion.
- **Please do** the smart thing regarding auto industry jobs. The EPA has recently taken dramatic action contrary to the still struggling auto industry – specifically, by doubling the fleet-wide mileage standards. This would cost the auto industry billions to comply and add several thousand dollars to the price tag of future automobiles. In the words of the Wall

Street Journal, “vehicles that currently cost \$15,000 or less will effectively be regulated out of existence.” Think about the huge negative impact of this ruling on the automobile labor force. Such non-market-driven influences can only have a significantly negative impact on employment in this huge and important industry. In addition to reducing the demand for the product, this would provide incentive to relocate resources to other cheaper/less restrictive countries. The EPA does not have this power – or at least they shouldn’t. My understanding is that Congress never authorized them to have this sweeping power. The EPA should be barred from enforcing these harmful regulations.



- **Please don’t** continue the strategy of “leading from behind” as regards our economy, budget, and jobs policies! In spite of the advances noted above, so much of our potential for energy and job creation remain “off limits.” And Obama has clearly stated his preference for expensive and declining use of fossil fuels. The Wood Mackenzie consulting firm estimated that better energy policy would create an additional 1.4 million jobs by 2030. **Don’t sit on your hands!**

- **Please don’t** continue dragging your feet on approving energy projects that would put thousands back to work! I’m referring to the process for approving plans to drill in the Gulf of Mexico. Heritage reported a few days ago that the Obama administration is approving just 35% of the oil drilling plans for the Gulf so far this year. And

it is taking an average of 115 days to secure approval. This is a significant

Mallard Fillmore by Bruce Tinsley



deterioration from historical averages of 73.4% and 61 days, respectively. And it’s getting worse. Bad news for any sort of job creation!

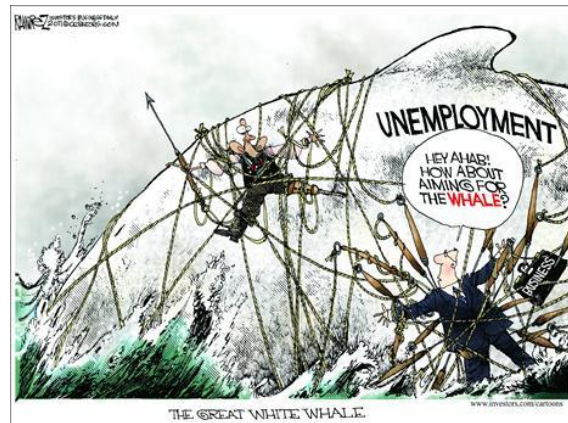
Some Other Don’ts and Dos

- **Please don’t** waste a lot more time, effort, and \$\$\$\$ trying to sell “infrastructure” spending as being effective for job creation. This was proven to be an unfortunate choice with the last stimulus. “Shovel ready” meant nothing! Unfortunately: many proposed projects just don’t get done; those who are “put to work” are somewhat likely to come from the “already employed” (due to union seniority rules, etc); sometimes this money is spent for projects already slated for completion (at the state level it appears possible to substitute federal for state funds), and a “new project” might not be completed; often federal infrastructure funds are given to states to be spent, and if the funds are not used as a substitute for state funds, they might be spent for “low priority” projects – not smart!; and on it goes.

- **Please do** some homework and take a real good look at regulatory reform. Our regulatory environment is a huge topic and best left for another report, which I am planning. But, by the current administration's own assessment, the "regs" have been "piling on" for almost three years (for more information, refer to my "Millstone" report). According to some analyses, the Obama administration has imposed 75 major ("major" means "costs over \$100 million" – there are small ones too) new regulations, with an annual price tag of \$38 billion. The government admits that there are 4,200 new rules in the pipeline. According to the Competitive Enterprise institute, hidden regulatory costs approach \$1.7 trillion per year – and growing. Let's agree that these regulations can't all be useful and certainly put a **drag on jobs and the economy**. Let's take a serious look!

- **Please do** all that is possible to eliminate Obamacare in favor of smarter proposals (reference my reports on "health care" for better alternatives). Not only was Obamacare questionable in its wisdom and effectiveness, also note that its implementation was "backloaded" into Obama's second term and beyond. This was done for budgetary "games playing" as well as to reduce its influence on the 2012 election. The result of this process has been ambiguity and uncertainty. Businesses don't know what to plan for, but all indications are that the impact on their operation will be significant and costly in terms of dollars and complicated bureaucratic

requirements. More cost, combined with more difficulty in providing health care benefits to employees, points to only one thing a **significant disincentive for hiring!**



- **Please do** what is necessary to balance the budget through budget and tax reform (a subject of past and future reports). The negative effect of deficits and national debt on hiring and jobs can't be overstated! Deal with that, and let the marketplace figure out the rest. Please!

- **Please don't** persist in trying to cram through by demagoguery, Obama's American Jobs Act. That will be futile. My opposition to various parts of that Act have been dealt with in several of the "Don'ts and Dos" of this report. The republicans in both "houses" have made proposals for jobs and the economy. There have been 29 measures passed by the republican controlled House, 21 of which have been stalled in the Senate. And the minority republicans in the Senate have advanced their programs for budget, jobs and growth. They are ignored. Unfortunately, anything that doesn't agree with Obama's plan is labeled as partisan and ideological. Please do the right thing by stopping this mindless banter!