

Economic Recovery Begins with Jobs. Jobs that Obama does not know how to create.

For the life of me, I can't understand what this administration is thinking. After Obama's pledge to "pivot" to jobs back in 2009, all we hear from him and his team is that we need more government spending, more taxes, and more giveaways. Quite a regressive stance for those who proclaim to be progressive! All of them concepts that if anything only perpetuate the unemployment problem.

For sure there is one and only one path to economic recovery, and that is job creation. Tragically the proposals of the Obama administration do everything but.

What we need are growth-inducing policies that will bring back American manufacturing from the dead and will make us competitive again. We need to push for initiatives that will increase productivity, promote private investment, and make America an attractive destination for capital and production again. What we do *not* need are actions like giving away General Motors to the unions only to see them announce an investment of \$900 million in a new plant ... in Mexico!

Why are these and many other companies going abroad?

We all know the reasons but the administration does not let them permeate the public discourse because they are the complete opposite to what they propose and try so hard to implement. They want more of a "nanny state" and not less since the more codependent Americans they can create, the more their core voters' base grows.

So back to the question ... Why do American companies take their business elsewhere?

A company goes abroad for one simple reason: it is easier and more profitable to manufacture overseas than it is to do it here.

Companies go to Mexico, China, or Brazil, because they find labor costs that are not grossly inflated by mandated liabilities like health care and pensions. They can find qualified labor without a union threatening to act legally against them for moving operations to states where they (the unions) are not present. They go abroad because they know that unions will not be granted special treatment over say, secured lenders. They go abroad because unfortunately and unbelievably, there are certain "developing" countries that actually offer better business conditions than America under this administration.

American companies go to other countries because corporates abroad don't need to worry about punitive policies such as cap-and-trade that have the potential to result in prohibitive energy costs. They go away because other countries are "manufacturing and investment friendly" whereas this administration seems committed to do everything possible to make the private sector suffer and pay; redistribute, spread the wealth.

If this administration were to focus on reducing red-tape, allowing for the renegotiation of dated labor contracts adapting them to the actual demographic and economic conditions of the country; if this government promoted investment through an “imports substitution” policy based on tax incentives for capital to return and/or be deployed in America; if it created the right incentives through deregulation to allow American companies to be as competitive as its international peers, we would then have the appropriate environment to see healthy job creation from the private sector.

If American manufacturers had the right conditions to do business here, they would hire in the United States and save themselves the problems of going abroad and have to deal with generally less qualified labor, unfamiliar corporate cultures, and all the negative elements that come with operating in a foreign market. If you think about it, the current American model really has to be quite punitive, regressive, and onerous, for U.S. manufacturers to still choose to take their operations overseas.

But instead of deregulating industries and sectors, this administration keeps trying to have a bigger say in who can do what, when, and where.

As an example, the president once pledged to take coal companies out of business through excessive taxation and regulations. His team has also remained adamant in creating obstacles for American companies to explore (and produce) oil in our own territory. We see no stimuli to develop our gigantic natural gas deposits; we cannot find a government agency that works towards the betterment of productive conditions. Actually, what we find is an increasing weight and influence of anti-business agencies such as the EPA as well as an unprecedented bias towards protecting the interests of union leaders.

Instead of liberalizing commerce and allow corporations to operate where they determine to be the most appropriate sites, this administration demonizes those who want to correct the perverse incentives of unionized labor to keep unrealistic benefits and unaffordable liabilities. They pitch capital against public opinion and promote the notion that government is the only solution when we have learned that government is the problem, particularly this government.

Jobs will be created when American capitalism is allowed to operate without a government that acts as the enemy of the private sector and punishes success in a harmful and regressive pursuit of wealth redistribution and class warfare.

Jobs will be created when American entrepreneurs are certain that they can operate and deploy their investments under business conditions that are least as favorable as those that they could alternatively find abroad.

Jobs will be created when a company can function in an environment of a globally competitive tax system and free of the threat of excessive regulations that can potentially erode all possible profits.

Jobs will be created when these capital owners find the appropriate conditions to manufacture and produce on equal terms as those of their global peers so that we do not need to import cheaper goods from China or Mexico because we can make them here too, only better.

Just consider: Brazil pulled over 30 million people out of poverty and into the middle class over an 8-year period mostly by growing its manufacturing base. They did this by putting in place the right tax incentives and by deregulating and reducing red tape to the minimum.

The result was full employment, a drastic reduction in poverty levels, and the emergence of tens of millions of new consumers of Brazilian-made goods that have created substantial demand for domestic goods and services. Precisely the virtuous circle that we need right here, right now.

Cap-and-trade, taxing “the rich”, spending beyond our means, borrowing not to use that capital for productive purposes but instead to pay for a bloated bureaucracy, are not ways to get out of this economic slump. If anything, those policies are exactly what keep America from emerging from the crisis.

What we need is freer labor laws, lower corporate taxes, fiscal incentives to repatriate capital, much more deregulation, a true growth-promoting energy policy, and the understanding that we need to revive our manufacturing base in order to resolve the unemployment problem.

Clearly this administration does not understand this and its stubborn over-reaching stance continues to keep capital and investment at bay. Political uncertainty, particularly when it comes to the assessment of business conditions is a job-killer, a growth-killer, an economy-killer. But wrong policies are even worse than uncertainty as they inflict pain faster and deeper.

Unfortunately under Obama we have both.

It is time for somebody that understands this to take over and put American manufacturing back on track rather than off the cliff. There is at least one person in Washington that deserves to be unemployed. And he is in charge of this?

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