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Pason Gaddis  
pgaddis@floridaweekly.com

**Executive Editor**

Jeffrey Cull  
jcull@floridaweekly.com

**Creative Director**

Jim Dickerson  
jdickerson@floridaweekly.com

**General Manager**

Shelley Lund  
slund@floridaweekly.com

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pkennedy@floridaweekly.com

**Circulation**

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**Account Executives**

Doug Rosburg  
drosburg@floridaweekly.com

Allison Spencer  
aspencer@floridaweekly.com

Michelle Harrison  
mharrison@floridaweekly.com

Michele Foley  
mfoley@floridaweekly.com

**Business Office Manager**

Kelli Carico

Street Address:  
Florida Weekly

4300 Ford Street, Suite 106  
Fort Myers, Florida 33916  
Phone 239.333.2135  
Fax: 239.333.2140



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# OPINION

## The rise of self-defeating industrial policy

**BY RICH LOWRY**

Washington can't decide whether to save or to smother the American auto industry.

A few months ago, GM and Chrysler got a federal lifeline in the form of \$17.4 billion in loans, on grounds that their health is essential to the economy. Now comes news that the Obama administration is acting quickly to approve a waiver for California to impose costly new restrictions on carbon-dioxide emissions from cars.

In a move meant to combat global warming, California wants to mandate a 30 percent reduction in tailpipe emissions by 2016 and a fuel-efficiency standard of 49 mpg by 2020. As many as 13 states will follow California's lead, creating a regulatory patchwork with automakers forced in practice to meet the higher standard.

Even California admits that the new strictures will add \$1,000 to the cost of vehicles by 2016. The automakers estimate it will add \$3,000. So, GM and Chrysler will struggle to shed labor and legacy costs, just to see new regulatory costs imposed on them by the very political authorities

that are putting taxpayer dollars at risk to save them. It's the rise of self-defeating industrial policy.

The auto-emissions standards already imposed on automakers — the so-called CAFE standards — have heaped billions of dollars of losses on Detroit. As Holman Jenkins of The Wall Street Journal notes, the American industry takes a hit on the cheaper, lighter cars it manufactures at its high-cost unionized plants to comply with CAFE. It makes such cars profitably overseas and could import them back here to the U.S. to meet CAFE standards if Congress didn't forbid it from doing so in a naked pander to the United Auto Workers.

When Detroit came to Washington in extremis last year, the rational reaction would have been to lift burdens on it. Instead, the fashionable rap on Detroit was that it had created its own mess by making SUVs on the foolish assumption that gas prices would stay at \$1.50 a gallon forever. This critique was premised on the foolish assumption that gas prices would stay at \$4 a gallon forever.

If a normal sense of self-preservation were at work, Detroit would howl at another step toward blud-

geoning it out of its most profitable line of work. But now its relationship with Washington is as important as its business model. Its executives have to drive to Capitol Hill in hybrid cars to do their begging and pretend that GM's plug-in Volt — prospectively priced at an outlandish \$40,000 per vehicle — is the car of the future.

In response to California's new rules, an Obama official told the Detroit News that "additional tools to support the auto industry will be considered." What Washington giveth it taketh away and giveth yet again.

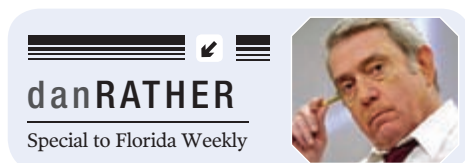
This contradictory policy is driven by worry over the far-off threat of global warming, the killer abstraction that hangs over all of Mr. Obama's economic policy. At the same time everyone is aflutter with the need to stimulate the economy. As government intervention proliferates, we are about to see industrial policy run by people who don't like industry very much.

Detroit wanted a bailout, and it will get it good and hard. ■

— Rich Lowry is editor of the *National Review*.

## GUEST OPINION

### Obama and the stimulus

**dan RATHER**

Special to Florida Weekly

It's still the early days of the Obama presidency, but Yogi Berra's line about Yankee Stadium's creeping shadows applies equally well to the White House — "It gets late early out there."

On the two-week anniversary of President Barack Obama's inauguration, the White House had hoped to make headlines by naming Sen. Judd Gregg of New Hampshire to the post of commerce secretary. Instead, news of the Gregg appointment was buried by two more of the president's high-profile nominees — Tom Daschle and Nancy Killefer — bowing out due to tax problems.

Meanwhile, in the U.S. Senate, Republicans beat back a measure to add \$25 billion in infrastructure spending to the so-called stimulus bill, which Senate Democratic leaders conceded on Tuesday they did not have the votes to pass as it then stood. This would be the same stimulus bill that passed the House of Representatives without a single Republican vote, despite Mr. Obama's highly visible outreach efforts to the House GOP.

With a House bill rich in targets for

critics, the distractions of botched appointments and presidential overtures to bipartisanship that have yet to bear tangible fruits, it looked this week as if Mr. Obama risked losing control of the narrative surrounding a piece of legislation of singular importance to his presidency.

Mr. Obama ceded some of this control voluntarily and from the start when he at least gave the appearance of leaving House Democrats to craft a bill of their own, based on broad campaign themes, before he took office. Publicly, the president has focused on stressing the bill's urgency and on achieving bipartisan support. But he has done little to enunciate and push for specific steps to stimulate the economy in the short term, or act as an effective salesman for those specific parts of the existing bill that he believes would do so.

Perhaps, as some have suggested, Mr. Obama resisted showing his hand so as to give himself room to triangulate between the more liberal House and more conservative Senate. If that was his strategy, the need to rethink it grew clearer as the week wore on. With most public-opinion polls suggesting that at least a plurality of Americans still supported the stimulus bill, reports from congressional offices had calls against the bill greatly outweighing those for it. In other words, the bill's critics

had become more passionate than its supporters.

A president builds passion for a piece of legislation by giving the people something that's in it for them, and by letting those people know exactly what that something is. Those against the stimulus bill seemed to have a better handle on what's in it than those who are for it.

Mr. Obama still has a lot of political capital. In order to save the legislation upon which the success or failure of his presidency may rest — whether in the Senate or in the reconciliation process that follows — he may now have to spend some of that capital. With a presidential address on the economy scheduled for this coming Monday, he might consider putting himself out on a limb to demand specific actions to stimulate the economy and help those in economic peril, laying those actions out to the American people in unmistakable terms, and essentially daring the opposition to oppose them.

There's a steep learning curve to the presidency. And what the Obama team is learning the hard way is that sometimes the most effective route to bipartisan support does not run through the elected members of the opposition party but rather through their constituencies — who have the power to demand that their representatives vote a certain way, and must be convinced to use that power. ■