

## Obama can't win war on business

by *The Detroit News*

Making war on business is no way to stimulate an economy. But read between the lines of President Barack Obama's address to Congress and you find a battle plan for a broad attack on industrial America.

His proposals reflect a stunning disregard for the impact of government policies on economic output and a clear preference for jobs created by government spending rather than private investment.

The president says he wants to eliminate the George W. Bush tax cuts "on the wealthy," a core promise of his campaign. But those cuts help reduce the cost of capital in America, an essential tool to helping business out of this recession. Raising the capital gains tax, as Obama proposes, will make private investment dollars even scarcer, as will hiking income taxes on those most likely to invest in the economy.

His cap-and-trade program to fight global warming is another massive tax increase in disguise as it would force businesses to either install expensive new equipment to reduce carbon dioxide emissions or pay other businesses for the permission to pollute. This "tax" would hit producing states like Michigan especially hard.

California companies are already struggling under that state's onerous cap-and-trade program, according to a New York Times report. CalPortland, which provides concrete for California roads and bridges, says the cost of retrofitting just one its plants will cost \$200 million. So the company may close the plant instead, at a cost of 140 jobs.

Consider that Obama's massive infrastructure spending program will require huge amounts of concrete, and it's not hard to imagine most of that material coming from China or Mexico if a federal cap-and-trade program is enacted.

To address the crisis in the financial markets, Obama so far has been able to come up only with calls for new layers of regulation and oversight that will do nothing to improve liquidity. Treasury Secretary Tim Geithner has whiffed at two attempts to articulate a strategy for the banks and is rapidly losing the confidence of investors.

America's economy is the envy of the world because it provides businesses a relatively hassle-free regulatory environment with access to cheap capital markets and cheap energy. The new administration would do well to learn this lesson "and fast."

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