



Unravelling the New World Order

*An Exposé of How Government, Religious, and Financial Insiders
Are Deciding Your Future*

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An Economic Lesson Even A Liberal Can Grasp

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The more President Obama calls for a second stimulus spending spree to create those jobs the first spending spree failed to create, the more he sounds like the grocer in that old joke about the lady who wants her money back because the dietetic ice cream the grocer talked her into buying hasn't helped her lose weight. The grocer thinks for a moment and says, "Eat more of it."

Since the president and his advisers haven't got a clue about how our economy works—which isn't surprising, since these people have less practical business experience than any kid with a lemonade stand—here's an economics lesson so short and simple even a liberal can grasp it:

The key point to understand is that an economy is a kind of operating system. This means that if you want the economy to "do" something—such as create more jobs—you have to go about it the way the operating system is designed to work. Otherwise you cannot possibly succeed.

Think of it this way: our cell phones have operating systems built into them. There's no Republican way to make a phone call with your iPhone, and no Democratic way to do it. There's no conservative approach to checking your email with a BlackBerry or an Android, and no liberal approach to doing it. You just do it the way your cell phone's operating system requires.

It's the same with an economy. Broadly speaking, there are two kinds of economic operating systems: a free-market economy and a command economy. In a free-market economy, the government sets the rules and enforces them, but otherwise stays out of the way and allows individuals and businesses to call the shots. In a command economy, the government's role is so large that it not only sets and enforces the rules, but also calls the shots.

Because each country—unlike each cell phone owner—designs its own economic operating system, no two economies are precisely the same. So our country's free market is somewhat different from Canada's, which itself isn't quite the same as Germany's, Poland's, France's, Australia's, and so forth. Still, in all free-market economies, the government makes and enforces the rules, and then gets out of the way. Likewise with command economies: *left-wing communist* economies differ somewhat from *right-wing fascist* economies, but once again, the similarities are more important than the differences. In all command economies, you do what the government tells you to do, or you get your brains kicked in.

Entrepreneurs Create Jobs

In a free-market economy like ours, it's the entrepreneurs who create jobs. They do this by starting new businesses, and by expanding businesses that are already up and running. If you want to create more jobs, you create an environment in which entrepreneurs will thrive. They'll take it from there, because creating jobs by starting and expanding businesses is what thriving entrepreneurs do.

Think of it this way: if you want more milk, create an environment in which cows will thrive. And just as it makes no sense to say you want more milk but oppose cows because they're smelly, dirty, and leave their droppings all over the place—it makes no sense to say you want more jobs but oppose entrepreneurs because when they succeed they often wind up with more money than the rest of us. You cannot have it both ways.

Entrepreneurs thrive when they are confident about the future. Every time an entrepreneur makes a decision to start a new business, or to expand his business by launching a new product or service, he or she is putting his own money—and his employees' futures—on the line. So an entrepreneur wants to know what taxes he's going to pay in the years ahead. He wants to know what his costs will be for high-priced expenses such as his employees' health care. He wants some certainty that the regulations in place when he launches that new product or service won't change six months later and destroy his investment overnight. And an entrepreneur wants some confidence that the overall economy will be sufficiently robust to provide customers who'll buy that new product or service and by doing so enable the entrepreneur to earn back his investment and make some profit besides.

Why did the world's largest and most powerful economy create zero jobs in August 2011? It's because our country's entrepreneurs lack confidence in the future. They cannot calculate what taxes they'll pay, they cannot calculate their costs for health care, they have no idea what new regulations may suddenly appear that will cripple their investments, and they don't believe the customers they'll need to buy their products and services will be there.

Most of all—and this is anecdotal rather than statistical—many of our country's entrepreneurs have come to believe that the president and his liberal allies in Congress are out to get them—that their ultimate objective is to turn our free-market economy into a command economy.

Our CEOs Have Had Enough

Let me give you one example to illustrate this point: in the course of my lecture business I meet a great many owners of small-and medium-sized companies—precisely the men and women we depend upon to create jobs for all the rest of us. One evening, when my lecture to a group of these entrepreneurs had ended and we were all having a drink in the hotel bar, the CEO of a rock-solid manufacturing company said something that stopped the conversation cold: *"I'll be damned before I start hiring people now, just in time to send the unemployment rate plunging so it re-elects the president next year. In a second term, this guy'll kill my business."* There was a dead silence, and then every other business owner at the table nodded in agreement.

The point isn't whether these CEOs are right or wrong. The point is that this is what they've come to believe, and their actions will be based upon their perceptions. For all of us who depend on our country's entrepreneurs to create jobs—which is to say, for all of us without safe government jobs—this is more than depressing. It's terrifying.

Let's go back to the observation that an economy, like a cell phone, has an operating system built into it. Imagine that you have a new cell phone, and you ask me how to make a call. I tell you to punch in a phone number, then rub the phone against your leg and fling it against the wall. Did your call go through? No? Okay, try it again—but this time fling your phone harder. Still didn't go through? Would you like to try it a third time? Or have you finally figured out that I have no idea what I'm talking about; that if you keep listening to me you're going to break your phone; that it's time to settle down, read the operator's manual, and do it the way your cell phone's operating system is designed to work?

The good news is that our economy is more resilient than our cell phones. It can take a lot of abuse and still be made to work if only we start doing things the right way. The bad news is that if we keep doing things to create jobs that make absolutely no sense and cannot possibly work, at some point even the world's most powerful and dynamic economy will be broken beyond repair. And that's a lesson in economics even a liberal can understand.