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LET IT BE DONE, MR PRSIDENT !

President Barack Hussein Obama has shown his true colours: He is not a staunch advocate of laissez-faireism, after all.

At least, his recent statements, and those of certain senior members of his Administration, appear to indicate this.

The US Government, last Sunday, literally sacked Mr Rick Wagoner, the Chief Executive of General Motors Corporation – post-haste.

Then, on Tuesday, March 31, 2009, it was reported that President Barack Hussein Obama had determined that bankruptcy for General Motors Corporation was the best option for this giant, motor-vehicle producer which was, once, the largest such company of its kind in the world.

As for Chrysler LLC, which, unlike General Motors Corporation, is not a publicly listed company, President Barack Hussein Obama is, also, prepared to allow it to go belly up and, then, it can be sold off in rashers in the manner of one who carves side of bacon.

The President can have his way because he controls the purse strings and, without his written approval, no more additional funding would be allocated to either motor-vehicle manufacturer.

And both General Motors Corporation and Chrysler LLC require, urgently, US Government funding in order to stay in business, their managements have stated, only too plainly.

General Motors Corporation is the largest, US producer of motor vehicles and Chrysler LLC is the third-largest producer. Ford Motor Company comes in in second place.

General Motors Corporation has stated, plainly, that, as things stand today, bankruptcy by June is, in all likelihood, a probability.

Having been armed with this missive, many suppliers to General Motors Corporation are seeking assurances that they will be paid for their deliveries.

If General Motors Corporation does file for bankruptcy, many (possibly all) suppliers of parts will be declared by the Bankruptcy Court as being *'unsecured creditors'* and these suppliers are highly unlikely, ever, to be remunerated for goods, sold and delivered to General Motors Corporation.

It has recently been reported that many suppliers to General Motors Corporation has demanded payment for deliveries within 30 days ... or less.

President Barack Hussein Obama's determination, therefore, to force his will on the managements of the largest US motor-vehicle manufacturers will have a very unfortunate and horrific knock-on effect that could reverberate throughout many an industry in the country.

This, in turn, could result in an escalating level of unemployment in the largest, single economy of the world as suppliers of parts to the US motor-vehicle industry find themselves unable to continue in business.

In turn, this could lead to civil unrest in the country.

Shades of The Great Depression of 1929 – 1939 when it was necessary for the US Government to help to establish soup kitchens for the mendicant, following the Wall Street collapse of October 1929.

Riots led to the US Army, under the leadership General Douglas MacArthur, having to resort to force of arms against many of rioters that had served with honour on the battlefields of Europe, during World War I.

There are many parallels to be drawn between The Great Depression and the situation, today.

The economies of the world by 1928 had, already, started to drift down, with demand for both agricultural and industrial goods, as well as for construction work, beginning to decline, markedly.

This triggered wave after wave of selling on Wall Street.

It was not the repeated falls of prices of stocks and shares on Wall Street, itself, that caused the real problem – although it helped, of course – but the US Government's policy response to it.

That response tipped the world's economy into the greatest depression ever known in history.

Today's Troubles

The recession in the US, today, has taken its toll of motor-vehicle manufacturers in the US and around the world, but, in the case of the US producers of motor vehicles, being one of the largest, single employers in the country, it is a matter of national interest that action is taken in order to protect the livelihoods of an estimated 250,000 workers, employed in this industry, directly or indirectly.

The sacking of Mr Rick Wagoner by President Barack Hussein Obama has been applauded in some quarters of The Land of The Free and The Home of The Brave, with statements to the effect: *'At last, somebody is doing something in the* (US) *Government.'*

Questions will, most likely, long be pondered as to whether or not the actions of President Barack Hussein Obama, in interfering in private enterprise, was a microeconomic move or a macroeconomic move; was a fortunate and well-considered act; or, an ill-conceived and unfortunate act.

Microeconomic policies only too often impinge on macroeconomic policies due to the multifariousness of microeconomics.

When a government introduces the budget, for instance, since it is intended to influence the behavior of the economy of the country and, as such, operate within the complete realm of the economy, it is, in and of itself, macroeconomic in nature.

However, in respect of microeconomic policies and determinations, these are, clearly, matters that relate to specific and limited parts of an economy.

The motor industry of the US, therefore, falls under the aegis of microeconomics not macroeconomics.

President Barack Hussein Obama, it seems, thinks differently, however.

This reminds **TARGET** () of the words of that satirical poet of Rome, Decimus Junius Juvenalis (65 AD – 128 AD), who wrote, among other things:

> *'I will have this done; so I order it done; let my will replace reasoned judgement.'*

The capitalistic system demands that there be shortages because, should shortages not exist, then, prices in the High Street would fall to next to nothing.

Such a situation is akin to a dog, chasing its tail: Should the dog ever catch its tail and, then, bite it hard, it could well spell the death of the dog as it bleeds profusely.

Laissez-Faireism (Let Things Alone)

The US Government, in times of peace, has always prided itself in maintaining and encouraging the capitalistic economic system.

Non-intervention by the US Government in individual and industrial affairs has long been held as one of the guiding principles that must be inviolable.

The reason for this is that it has proved to be generally true that laissez-faire favours capitalistic self-interest, competition and natural consumer preference.

This leads down the path to prosperity and freedom.

In the words of famous economist Adam Smith (1723 –1790), who penned his magnum opus, The Wealth of Nations, the free market, while it may appear, initially, chaotic and unrestrained, actually guides people/industries to produce the correct amount, and the correct variety, of goods by the *'invisible hand'*.

Adam Smith said:

> *' … by pursuing his own interest, (the individual) frequently promotes that of the society more effectually than when he intends to promote it.'*

Adam Smith successfully argued that self-interested competition in a free-market scenario tends to benefit society as a whole by keeping prices low while still building in incentives for a wide variety of goods and services.

This Scottish moral philosopher wrote:

> *'It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages.'*

Adam Smith, however, was, always, known to be skeptical as to the value of monopolies or of big business that had the propensity to cause prices to be controlled by *'their invisible hand'*.

He is quoted as saying that the *'real price of everything … is the toil and trouble of acquiring it,'* predicated by scarcity.

What If …

General Motor Corporation has borrowed massive amounts of money from the US Government.

By today's count, it stands at about $US17.40 billion, which went to General Motors Corporation and Chrysler LLC, alone.

Ford Motor Company, thus far, has taken no money from the US Government.

Fingers were pointed at the Chief Executive Officer with regard to his lifestyle.

Mr Rick Wagoner was portrayed as being somewhat of a spendthrift and, as the saying goes, *'riding the* (General Motors') *gravy train.'*

Whether or not this was fair to this gentleman is not for **TARGET** to speculate, but it is accurate to state that the company that Mr Rick Wagoner was trying to steer was headed directly for the rocks.

Without the US Government's financial support, with tens of billions of dollars in financial aid, General Motors Corporation would have ceased to exist, some time ago.

General Motors Corporation was suffering, financially, as was Chrysler LLC, as was Ford Motor Company, as was every Japanese manufacturer of motor vehicles, as was, as was, as was …

General Motors Corporation, in other words, was not an isolated example of suggested poor management although, in due course, it may be proved that Mr Rick Wagoner was not up to the task of managing the company.

If President Barack Hussein Obama had not ordered the sacking of Mr Rick Wagoner, General Motors Corporation, no doubt, would, eventually have gone to seek protection from its many creditors and filed Chapter 11 of the US Bankruptcy Laws.

Upon that event, Mr Rick Wagoner would have stepped down from the company.

In short, the actions of President Barack Hussein Obama, probably, were unnecessary and, perhaps, unjust to Mr Rick Wagoner.

The definitive action of the President of the most-powerful country of the world in sacking Mr Rick Wagoner was, in essence, of a microeconomic nature since it set in motion a force majeure situation (legal framework) within which market forces were operating.

At law, President Barack Hussein Obama's actions were not soundly based.

But one knows what would have happened if the President's orders had been disobeyed by General Motors Corporation/Mr Rick Wagoner.

Which raises the thorny question: Should government intervention in private enterprise be welcomed?

It may be held, in the course of history, that the US Government stepped up to the plate in order to remedy the gross deficiencies in the existing arrangement that permitted a technically insolvent, motor-vehicle producer to continue to trade when it might be said that it was perpetrating, daily, a fraud on its existing creditors as well as prospective creditors.

Governments, around the world, are, generally, thought to have a duty of fidelity which inculcates, inter alia, a definitive policy, designed to eliminate fluctuations in economic activity, reduce unemployment where at all possible, promote economic growth, create economic quality, reduce monopolistic tendencies in conglomerates and in individuals, and to prevent a deterioration of the environment.

However, economic policy may do more harm than good if it is based on a mistaken diagnosis/prognosis of the economic forces at work at any one period of time.

Also, there is the question of the person(s) in a governmental division, who may seek to improve upon market forces, but lack the necessary understanding and/or skill to bring about the suggested improvements.

(**TARGET** is making no suggestion, here, but, as the trite proverb states: *'If the cap fits, wear it'* – which refers, specifically, the medieval fool's cap.)

A government operates through the market, giving it, perhaps, a new direction or new impetus.

But no government should attempt to supervise the market.

The one positive aspect of President Barack Hussein Obama's tenure of office, thus far, is that questions will be raised, if not today, then, tomorrow, of the injection of greater skepticism of the state's ability to manage an economy.

Whereas, it would have been far more constructive for the Obama Administration to ensure greater competition, provide incentives for innovation and enterprise, making the domestic economy more attractive to foreign investment.

This is called *'Demand Management'*.

It seeks, among other things, to regulate pressures on the communities' resources by a level of spending and of demand.

But that, of course, is another riddle, headed by: What if …

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