As 2024’s first quarter rolls forward, data reflecting the national economy’s health have gotten decidedly better. Somewhat reminiscent of the doctor’s office conversation that comes with the review of a recent lab report, we find that lots of important indicators lie in the healthy zone, at least for now. The January Department of Commerce report for fourth-quarter GDP showed the economy ticking happily at 3.3 percent. This growth followed the third quarter’s unusually strong 4.9 percent growth. Indeed, individual country GDP growth prospects have improved to the point that the International Monetary Fund (IMF) recently raised its 2024 world growth estimate to 3.1 percent, up 0.2 percentage points from its October 2023 forecast. The IMF pointed out that growth averaged 3.8 percent across the period 2000–2019; this finding suggests that the world is approaching a normal growth rate.

As might be expected, recent indicators for subparts of the US economy look healthy too. For example, in December 2023, the number of job openings in the US economy stood at 9.0 million, down from the series high of 12.0 million in March 2022, but still offering more than one job for each of the 6.1 million unemployed, if only they were in the right places. Openings increased in manufacturing, professional business services, and retail trade but were down in construction. Most likely, higher mortgage interest rates took a toll there. The picture for employment overall looked healthy too. The January 2024 numbers showed the unemployment rate staying low at 3.7 percent for a third month and a healthy gain of 353,000 in payroll jobs. This number followed December’s strong revised gain of 333,000 and yielded an average monthly gain of 255,000 for 2023.

Inflation—perhaps the most critical economic health indicator of all, since efforts to control it always lead to tough Federal Reserve
(Fed) actions—is looking a lot better also. The Fed-preferred core Personal Consumption Expenditure Index rose just 2.6 percent in December, year-over-year, versus 5.5 percent in January of last year. I note that the decline continues to follow the path predicted by the lagged decline in the money supply’s growth rate as measured by M2, which I show in figure 1.

Yet There Is Some Weakness
Sometimes changing economic growth patterns are seen first in state data. Like crossing a river where the average depth is three feet and drowning at the point where the actual depth is seven feet, actual state GDP growth may indicate recession even while average national GDP growth is surging. The latest maps prepared by the Philadelphia Fed and based on the three-month change in coincident economic indicators are far from ambiguous. In figure 2, I provide the Fed’s 2023 maps for June (panel a) and December (panel b). Hues indicating prosperity have mostly changed from healthier, brighter colors to weaker ones. The northeast is decidedly weak, and the midwest is the weakest region. Texas and the South Atlantic states continue to show strength.

Apparently, what we can see in the Philadelphia Fed’s outline maps is affecting what some of the expert forecasters are seeing. In table 1, I provide recent GDP growth forecasts for the Philadelphia Fed’s outline maps is affecting what some of the expert forecasters are seeing. In table 1, I provide recent GDP growth forecasts for the Philadelphia Fed’s outline maps is affecting what some of the expert forecasters are seeing. In table 1, I provide recent GDP growth forecasts for the Philadelphia Fed’s outline maps is affecting what some of the expert forecasters are seeing. In table 1, I provide recent GDP growth forecasts for the Philadelphia Fed’s outline maps is affecting what some of the expert forecasters are seeing. In table 1, I provide recent GDP growth forecasts for the Philadelphia Fed’s outline maps is affecting what some of the expert forecasters are seeing. In table 1, I provide recent GDP growth forecasts for the Philad-
Philadelphia’s panel, the Wall Street Journal panel, and Wells Fargo Economics. There are large differences shown here, but it’s safe to say that these forecasters do not expect 2024 to be a stellar year. Could it be that is because we are in an election year?

So what’s the bottom line at this juncture? And what’s the message for the Fed?

Despite the strength of consumer spending and a lot of good historical data, higher interest rates are affecting housing and other construction activities. We should see slower growth in the first half of 2024. Some states, because of their strength and population growth, will prosper. Others will feel what seem like local recessions. All of this, coupled with diminishing inflation, suggests it’s finally time for the Fed to gingerly nudge the accelerator.

**How This Report Is Organized**
The report has four sections including this introductory section. The next section focuses on the current disconnect between readings on traditional measures of economic activity, which say the economy is doing rather well, and consumer perceptions of how things are going, which say we have a long way to travel before getting to the pre-COVID

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yellow brick road. The section points out that more things may be bothering consumers than what GDP growth reading reveals, and it then suggests that perhaps we should have a Snickers Bar economic index that gives a more direct reading on what consumers are facing in their daily lives. The third section discusses how White House leaders are acting like a national nanny who seeks to herd us all in a particular direction when we shop for cars, healthcare services, and prescription medicine. No doubt based on praiseworthy motivation, which suggests the brightest can determine what is best for all of us, the rising national nanny necessarily reduces the power of consumers to make their own decisions. This transmits signals to producers so that what we find in the marketplace better reflects consumer preferences. The fourth section places the spotlight on trade policy and the continuing rise of protectionism.

The good news appeared in a December White House report replete with 10 charts documenting how economic growth has far exceeded expectations, manufacturing investment has shot skyward, job growth has hit a healthy pace, and wages are now increasing at a faster pace than inflation. The inflation surge that had to be addressed was rooted in COVID-stimulus deficit spending by the Trump and Biden administrations. Manufacturing’s pickup has much to do with huge Biden-era subsidies, also financed through deficits, along with lasting Trump-Biden tariffs that have increased the prices of internationally traded goods. It’s as though the doctor is taking credit for lessening the side effects of a treatment he prescribed.

Still, we can be glad much of the economy is strong. As for understanding why so many Americans see things differently, it’s not all that difficult. Inflation and a changing labor market remain sources of anxiety. Uncertainty about next month’s paycheck by millions of federal employees and military personnel rises when politicians argue earnestly about shutting down the government. Constantly streaming news from the southern border of millions of refugees, some of whom will face deportation or become a welfare burden borne by local taxpayers, can cause frowns to replace smiles.

Clearly there is a disconnect, and we shouldn’t brush off the understanding of ordinary consumers, who are more bothered by their own job prospects or the prices of Snickers candy bars, ground beef, or a tank of gas than they are impressed by Consumer Price Index trends. In fact, a closer look at the data reveals a picture more murky than rosy.

The report also includes a discussion of regulatory policy by Patrick McLaughlin. Finally, it provides two book reviews from Yandle’s reading table.

GROWTH AND THE DISCONNECTED ECONOMY
By many indicators that matter to a lot of smart economists, industrialists, financial analysts, and Democratic Party politicians, “Bidenomics” seems to be delivering the goods. But for rank-and-file voters, something is missing. Public sentiment about the economy has been rising lately but remains locked in a basement well below pre-COVID year ratings in respected measures like that of the Conference Board and the University of Michigan Consumer Sentiment Index. The mood, it appears, fails to match the latest 2023 real GDP growth estimates. Indeed, current consumer opinions of well-being better match the weak data for 2024 GDP growth shown earlier in table 1.
no matter which side of the issue you’re on. Raging wars in the Middle East and Ukraine covered constantly on the evening news affect some American families directly. The Institute for Economics and Peace’s 2023 Global Peace Index (GPI) report indicates that

over the last 15 years the world has become less peaceful, with the average country score deteriorating by five per cent. Of the 163 countries in the GPI, 95 recorded deteriorations, while 66 recorded improvements and two recorded no change in score. Sixteen of the 23 GPI indicators deteriorated between 2008 and 2023 while eight improved.9

Surely perceptions of what is happening in war-torn countries and growing US involvement in those conflicts affect Americans’ perceptions of how we are doing overall.

The psychologist Carl Jung explained the difference between data, which are averages that may not apply accurately to any family or person, and understanding, which, while not always scientific, matters more to real people living in real homes and buying groceries in real neighborhoods.10 Yes, much of Joe Biden’s economic data looks wonderful, but believing that a low unemployment rate means any American can get more than one good-paying job offer is like believing that a river with an average depth of three feet should be safe to cross at any point. Yes, the data are useful, but so is the view from the bank.

Writing recently on the disconnect in economic perceptions, economist Paul Donovan argues that we need a “Snickers Bar index.”11 If politicians want to know how consumers really feel, they themselves need to shop regularly at an ordinary grocery store, keeping an eye on the changing prices of Snickers (up 13 percent in the last year),12 ground beef, a pound of coffee, and the six-month insurance premium for the family SUV. People buy and consume these things frequently; few scan or even care about Department of Commerce reports.

In the real world, costs hit home in different ways. According to the Bureau of Labor Statistics, the prices of electronic appliances have fallen dramatically, but as Donovan points out, ordinary people may buy new TV sets every 5 or 10 years. They might buy a Snickers every day or so.

In fairness, any strong economy will have its weak points. The question today is, Strong for whom? For politicians who want to brag about their record? Or for ordinary consumers who still wonder when the prices paid for their shopping basket or the size of their paycheck will register meaningful improvement?

There’s a big difference between data and understanding. Right now, we need more of the latter.

RISE OF THE NATIONAL NANNY: EVs AND BROKEN PATENTS

According to news reports, in an amazing turn of events, the Biden White House is now exploring the possibility of raising prices paid by American citizens for electric vehicles (EVs) from China.13 Although Chinese EVs are already subject to a 25 percent tariff, there is discussion of placing an additional border tax on them, no matter where they are produced or which company makes them. This, of course, would include shipments from Tesla’s Shanghai plant and vehicles produced in Chinese-owned plants located in Mexico.

But why on earth would President Biden pick a time like this, when the Fed’s preferred inflation gauge is finally giving ground,14 to kick the shins of
American consumers? Why can’t citizens simply buy the cars they prefer without being prodded by a national nanny?

If the White House release of the discussion is a trial balloon geared to get public reaction, then the balloon should be shot down with shouts of “Hallelujah!” And the idea of directing how consumers decide what to buy with their hard-earned cash—an idea pushed forward by former president Donald Trump, who loved to impose tariffs on Americans, and continued by the Biden team—should be relegated to the dust bins of history.

It is likely no simple coincidence that the White House conversation is taking place when (1) US EV sales are falling, (2) General Motors is abandoning its $1 billion driverless electric vehicle initiative and buying out almost half its Buick dealerships that refuse to go electric, and (3) previously announced US production of electric batteries is being postponed. Despite massive taxpayer-funded incentives for consumers to buy electric cars and government assistance for related battery production, the Biden electric vehicle industrial policy has not worked.

Some might argue that reducing the US sale of Chinese products and moving related production to the United States will bring some needed climate-change benefits. After all, some may think, China produces lots of carbon dioxide emissions. But if the shift in production moves to the United States, the resulting pollution will arguably be worse, not better. According to World Bank 2022 data, per capita production of US carbon emissions stood at 14.9 metric tons. The same measure for China was 8.0 metric tons. If the Biden team wants to do something for the environment by way of EV production, some leeway should be given to Japan, where per capita carbon emissions were 8.6 metric tons, or to South Korea, where emissions were 11.9 metric tons, or, even better, to Mexico, which hits a low 3.2 metric tons per capita. Put another way, what we seem to know about climate science does not support the current Biden EV thinking.

The Biden proposal to impose more taxes on Chinese EVs to be paid by American consumers also makes it possible for protected domestic EV producers to relax a bit and may best be explained by simply looking at election-year politics.

Apparently, the Biden White House staff is doing all it can to strengthen support for the Biden presidential campaign at a time when the sitting president’s approval ratings are headed south. Once again, it seems, the United Auto Workers and leadership of EV-challenged domestic producers are in the political catbird seat.

Undermining Drug Patents Could Be Harmful to Our Health

In a public effort to bring down prescription drug prices, the Biden administration, once again acting like a national nanny, plans to use the government’s “march in” authority to sever some pharmaceutical drug patent protections. By setting aside patents on discoveries that relied on some amount of government funding, the Biden administration would presumably promote more generic, lower-cost versions of popular prescription medicines.

This election-season policy making may deliver lower prices to some people, but the resulting market chaos could be harmful to our health. Increases in the prices of drugs covered by Medicare have exceeded inflation’s pace since 2019. Biden, reacting strongly and perhaps anxious about his reelection prospects, has outlined a proposal to be applied ex post facto to patents and licensing arrangements built on investment-
backed expectations. A less disruptive policy change would be applied to future patent property rights, allowing investors to make decisions with their eyes wide open.

Some may think that the average voter cares little about corporate concerns, but the most recent Federal Reserve data indicate that more than 50 percent of US households own stock, the highest percentage ever.23 Still, what should matter to everyone is the effect of the Biden proposal on future drug development and other inventions.

The accompanying White House policy statement reveals the president’s uneven political hand by referring to drug company price setting as “corporate greed.” It may be argued that folks who want cheaper drugs, however justifiably, and most politicians who want votes, are greedy, too. If greed is wanting more for less, it’s a human trait. Referring to corporations, which are, after all, legal documents in file cabinets, as greedy is a clear case of misplaced concreteness.

The matter is relatively new. Patent protection for drugs discovered and produced partly with federal funding was codified in the 1980 Bayh-Dole Act. Prior to that, the government retained the rights. No patents were granted to universities or other research organizations that, with government funding, discovered a basis for new drug products.24 In the absence of incentive, after basic discoveries had been made in university labs, research and commercialization activity languished.25

The act reinvigorated and encouraged discovery, and there has since been a large increase in the commercialization of new drugs.26 As Birch Bayh and Robert Dole explained in a 2002 letter to the Washington Post, “the purpose of our act was to spur the interaction between public and private research so that patients would receive the benefits of innovative science sooner . . . Bayh-Dole did not intend that government set prices on resulting products.”27

Today, Biden administration economic adviser Lael Brainard indicates that the president thinks otherwise: “We’ll make it clear that when drug companies won’t sell taxpayer-funded drugs at reasonable prices, we will be prepared to allow other companies to provide those drugs for less.”28

It seems that the affected drug producers are on their way to becoming regulated public utilities. The Department of Commerce is instructed to develop procedures to determine when existing patent protection may be removed. Its mandate covers all patented inventions that result with the assistance of federal funds—not just pharmaceutical products.

The question of what, if anything, is due to the American taxpayers, who partly fund the development of medical advances—those which they later buy and benefit from as consumers—is important and meaningful. A 2020 research paper on the matter published by the National Institutes of Health argues that we’re already getting a good return, rather than being charged twice:

In the debate over prescription drug pricing, some pharmaceutical industry critics claim that U.S. taxpayers pay twice for costly therapies. . . . In fact, the empirical evidence supporting these claims is weak, and the pay twice argument distracts from important efforts to ensure that impactful new drugs continue to be developed and made widely available to patients who need them.29

The flawed Biden argument—one which would abandon a proven approach and subject legitimate patents to the whim of executive branch agencies and politicians—is a path to fewer future remedies for human suffering.
Granted, the pricing of products that spring from taxpayer-supported research should be open to evenhanded debate and review. “Evenhanded” does not describe powerful politicians making blanket assertions that those who produce and market patented life-saving medicines are greedy. Major policy changes should be debated on a forward-looking basis, not ex post facto. Otherwise, drug producers will find themselves operating in a sea of uncertainty, and someday, some new drug that we could use won’t be there.

WHAT’S HAPPENING WITH TRADE POLICY
Lael Brainard, the director of Biden’s National Economic Council,30 recently brought glad tidings for the US economy and something more to think about. Reflecting on recent GDP growth data, employment, and the Federal Reserve’s ongoing effort to bring down inflation—all while the Fed attempted a tightrope walk to avoid a 2023 recession—Brainard said the “width of a runway for a soft landing has gotten much bigger.”31 She indicated, optimistically, that the economy is “going to maintain strength going into next year.”

Brainard, who until recently was a Fed vice chair, also praised the job done by Chair Jerome Powell, offering an important insight that deserves more attention: immigration, a factor that receives more curses than praise in Washington, had “helped the US labor force rebound.”

Freer Movement of People and Goods
Turning the analytical spotlight on the economy’s supply side for a change—on those who produce things behind the scenes rather than those who do the consumption in plain sight—Brainard reminded us that it is not necessary to have a recession to bring down inflation. Indeed, if we can tap into the world’s labor supply, and if we can bring in more goods, the resulting increases in supply may actually manage to counteract some of Washington’s COVID-rushed printing-press money and the inflationary spiral it began.

We must note that Brainard also said that there were more risks to be countered and more work to be done. That’s certainly true, even if the White House does not acknowledge that President Biden’s 2021 decision to print and deposit almost a trillion dollars into America’s bank accounts led to a spending rush that caused CPI-measured inflation to rise to more than 9 percent about 18 months later. Unfortunately, printing new money did not magically lead to a sudden appearance on dealer lots of more new cars and trucks and more beef, turkey, paint, and healthcare providers in the nation’s shopping malls and hospitals. With more cash circulating, prices simply shot skyward instead.

But because incentives matter—as Brainard reminds us—something good did happen on the supply side. In 2021, there was a 6 percent increase in foreign-born, over-25 workers employed on US payrolls, followed by a 10 percent increase in 2022.32 There had been nothing like this increase in the previous 15 years. To add more to the supply-side story, there was a large increase in imported goods and services from other countries. In 2021, there was a 14.4 percent increase, as measured year over year in constant dollars; in 2022, an 8.6 percent increase.33

In other words, we had more workers and more goods coming to our shores. Supply increased, giving consumers more goods and more choices, driving some prices downward and cooling inflation’s flames a bit more than the Fed’s efforts would have done alone.

As has been said often before, the cure for high prices is . . . high prices. These can be a pre-
lude to plenty. Like the home furnace thermostat on a hot morning, when the indoor temperature hits a trigger point, better things follow. Businesses and workers, domestic or foreign, see the potential profits of more goods or more labor and bring relief.

But while that’s how a self-regulating market economy is supposed to work, not everyone likes what happens. Here’s where politics, protectionism, and often government intervention enter our story. After all, more foreign-born workers looking for jobs is seen, sometimes erroneously, as competition for domestic workers. More imported goods alleviating the scarcity that drives up prices is clearly competition for domestically made goods looking for a home.

Yet it is also competition that brings lower costs, less inflation, and, in the long run, more prosperity for Americans. Long-run thinking can be a challenge for politicians, who must survive in the short run. That’s why it’s important for all of us to remember the lesson delivered in Lael Brainard’s good tidings.

The Foreign Pollution Fee Act and the Taxman Returns

Nations of the world met in December at the 28th United Nations Climate Change Conference (COP28) to consider climate change and what to do about it. At home, US Senators Bill Cassidy (R-LA) and Lindsay Graham (R-SC) proposed a “foreign pollution fee” in hopes that China could be forced to reduce its carbon emissions. The world’s most populous nation does pose an environmental challenge, but let’s be clear: whether or not the plan compels China to do something it does not want to do, it’s a tax on Americans, and the results are hard to anticipate.

It’s Americans who would pay for the carbon emissions associated with imported Chinese goods, harkening memories of the “taxman” of Beatles lore, who will tax the heat if we get too cold, tax the street if we drive, and tax our feet if we walk. Now, if we buy Chinese goods—even if these happen to be the greener products—he will tax the carbon that produced them. In the end, the fee may affect China’s emissions somewhat, but it will also lead to more carbon emissions from somewhere else.

We should remember that by some measures, such as 2020 World Bank data, the United States is the bigger polluter. We emitted 13 metric tons of carbon per capita annually, whereas China emitted just 7.8. This fact at least calls into question the idea that moving some of the manufacturing to the United States is the cleaner approach. Plus, if the United States imposes a fee on China, we can bet that they, and perhaps other countries, will do the same to us.

In justifying the fee, Senator Cassidy said, “It makes absolutely no sense that we allow China to pollute freely and export their products to the US—displacing US jobs, manufacturing, and excellence. The Foreign Pollution Fee begins to hold China accountable for their lack of environmental standards while expanding domestic production, increasing opportunities for the American family, and decreasing global emissions.”

Senator Graham said, “We are leveling the playing field, and American manufacturers and business will be the biggest beneficiaries.”

The senators don’t call it a tax; that would be asking for opposition. Reasonable minds can disagree about the merits of such a tax. What we should agree on is the applicability of the “bootlegger-Baptist” theory of politics and economics, which is based on the old-school, small-town bootlegger who aligns with his Baptist neighbors to limit competing legal alcohol sales. More simply, the senators’ message includes ele-
ments of both virtue and self-interest: they seek to slow or avoid harmful climate change and appeal to Americans’ nationalist desires while also getting organized labor and big business on their side. A number of major US industries enthusiastically support the notion of raising their rivals’ costs by way of domestic taxation.\textsuperscript{39}

By now, anyone reviewing the facts about America’s recent experience with trade restrictions knows that fees, taxes, or tariffs placed on goods crossing US borders get translated to higher consumer prices or reductions in the availability of goods and services that we wish to purchase.\textsuperscript{40} It’s US consumers who pay most directly when our politicians seek to help us by raising prices on any foreign-produced goods.\textsuperscript{41}

Finally, we must acknowledge that because of looming federal deficits that partly fund our lives, each year we Americans consume more than we produce. That means there must be countries producing more goods than they consume—namely, China. If additional limitations are imposed on Chinese goods, some other foreign source will take China’s place, and the replacements may be associated with even more carbon emissions. Who can know?

We need to be reminded that there is no such thing as free environmental quality. Protecting the environment and penalizing an economic rival both cost money, and it’s not easy to find policies that will do all they aim to do in a complicated world.\textsuperscript{42}

\textbf{America’s Manufacturing Muscle and Protectionists’ False Claims That We Cannot Compete}

Since the 2017 arrival of “Tariff Man” Trump as president,\textsuperscript{43} as he liked to be called, and his 2021 successor, Joe Biden, who wishes to be known as America’s most union-loyal leader, the United States has systematically imposed taxes or tariffs on American citizens for broad categories of imported goods and borrowed billions in world credit markets to subsidize the domestic manufacture of chips, electric vehicles, and batteries.\textsuperscript{44} With reminders that America has lost its industrial muscle and that protection is needed so that we can recover industrial might,\textsuperscript{45} we’ve been assured that tariffs and subsidies will help America build back better and make the country great again.\textsuperscript{46}

Assuring that America’s industrial muscle will become strong again, but not telling us what will happen to real GDP growth, protectionist politicians promised that high tariffs will even up the nation’s trade balance. There was no recognition that Americans benefit when people elsewhere provide goods and services in exchange for green pieces of paper that we print. Perhaps the politicians should be reminded that by constantly engaging in deficit spending, and with a low domestic savings rate, we the people consume more than we produce. This means we will have to import goods from countries like China, which consumes annually far less than the country produces.

Since 2016, when Tariff Man Trump promised to bring trade into balance, the US current-account deficit has enlarged from $99 billion in 2016 to $110 billion in 2019 and was $242 billion in 2022.\textsuperscript{47} In other words, what was erroneously promised to make us better off didn’t quite work out. Instead, the current-account deficit was made great again.

Meanwhile, tariffs imposed on imports from China, which rose from 3 percent of the value of Chinese imports in 2016 to 19 percent now,\textsuperscript{48} have expanded to include almost 60 percent of Chinese goods that cross US borders. As might be expected, China has reciprocated. Both nations put rocks
in their harbors to keep lower-cost goods from reaching their citizens. We in the United States refer to the process that delivers a state-managed economy as crony capitalism. The Chinese call it communism.

What about the talk of deteriorating economic muscle? A plot of US manufacturing output’s share of real GDP across the past 75 years generates a wiggly line that barely heads south. The values range between 12 percent in the late 1940s to 13 percent in the 1970s, and then to the current 10.9 percent in 2023’s third quarter. That’s not much of a decline. If we look at categories of goods produced, we find that America ranks second (after China) in the world share of all manufactured goods. For specific products, the United States ranks first in the world for chemical products, petroleum products, fabricated metal products, pharmaceuticals, and timber products, second for automobiles and tires, third for electrical equipment, and fourth for semiconductors, steel, and cement. In short, the US economy is definitely not a 90-pound weakling when it comes to manufacturing muscle.

So why do those running for national office sing a Chicken Little song about America’s declining might, call for more taxes to be imposed on American consumers, and take actions that deny Americans opportunities for gains from trade? Apparently, the strategy works for the canny politician. It’s too costly for rationally ignorant voters to run down the data and check out the facts, and the special interests served by the strategy are organized and more than ready to support the promising candidate. I fear it’s just another bootlegger-Baptist story.
is at least in part determined by the culture of those agencies, and workplace culture can to some degree be changed by proactive intervention from the top ranks.

Two fairly recent stories about regulatory compliance illustrate my point. The first story takes place in California, where a resident of San Francisco recently had a costly experience with local regulators. The other occurred in Ohio—not coincidentally a state that has implemented a regulatory budget in recent years.

**ON THE ONE HAND: SAN FRANCISCO, CALIFORNIA**

A San Francisco man, Josh Riskin, recently made the news because he managed to get the local planning code changed, but only after going through a permitting nightmare that cost him $33,000. Riskin wanted to erect two 80-square-foot sheds in his backyard. He seemingly did things by the books. Step one, he went down to his local Department of Building Inspection (DBI) to see if he needed a permit. After consulting a booklet called *Getting a City Permit*, which he got from the DBI, he learned that “one-story detached accessory buildings used as storage sheds, tool sheds, workshops, playhouses and the like” do not require a permit, as long as they are less than 100 square feet in roof area. So it seemed that he was fine to build his two 80-square-foot sheds without applying for a permit.

However, a neighbor apparently complained, which led to a visit from the DBI inspector. The inspector informed Riskin that although he could have one shed without a permit, he would likely need a permit for the second shed. How could Riskin have known this? It turned out there is no rule that clearly states that multiple structures in a backyard require a permit, whereas a single structure would not—at least not in the rules printed in the building code or planning code. Instead, this requirement was buried at the end of the city’s thousands of pages of regulatory codes, in a section called “Planning Code Interpretations.” There, a sentence could be found that seemed to directly contradict the booklet Riskin got from the DBI, saying that “despite the plural construction of the language in [the planning code], only one such shed or structure allowed by [the code] shall be allowed per lot.”

His saga went on for months as he tried to figure out if he really needed a permit for the second shed (even though other structure types, such as a gazebo or playground, would have apparently been acceptable without a permit). Eventually, he acquiesced and tried to get a permit—which, as I’m sure you are guessing, was denied. Riskin paid $726 to have the zoning administrator review the problem, still to no avail.

At this point, I would characterize the regulators interacting with Riskin as adversarial. He was repeatedly sent from one department to another or told to ask someone else for help. No one stepped up and coached Riskin on what he could do. Instead, the focus was always on what he could not do.

Finally, with the help of a very expensive land use attorney, Riskin appealed another time—this time landing before the Board of Appeals (where it cost him another $600 just for the right to present his case for five minutes). And he finally got some traction:

> [A] couple of the board members could not shake the idea that the interpretation banning more than one shed was “arbitrary,” when the planning code does allow multiple different types of structures that, together, could take up more space than two sheds—like a shed, a jungle gym, a hot tub and a gazebo.

> “I am actually troubled by this,” said board member Eduardo Santacana. “I think the planning department gave you the wrong answer.”

Finally, after nearly two hours of discussion, the board settled on amending the planning code interpretation that Riskin ran afoul of, but with one caveat: More than one shed should be allowed, but they must be “contiguous,” and, in total, less than 100 square feet.
In the end, Riskin managed to get the interpretation of the planning code changed, although it took more than two years and about $33,000: $22,000 in legal fees and $3,000 in lost wages from the time he diverted from his job, plus various other fees and expenses, such as another $1,500 to the planning department for the “cost of investigating and enforcing the planning code on his property.” And since his sheds totaled more than 100 square feet, he had to tear one down anyway. So there’s really not a happy ending for Riskin, although he performed a public service by forcing the DBI to update their planning code to be slightly more sensible. I doubt he thinks it was a good use of $33,000.

ON THE OTHER HAND: OHIO

It is probably the case that many people working for regulatory agencies view things as “us versus them,” where the regulator’s job is to make sure that people and businesses aren’t breaking the rules. And no doubt there’s value in not only creating rules but also enforcing them. But the adversarial approach shouldn’t be the default approach. Instead of “us versus them,” regulators could just as easily take on an “us and them” mentality, where their first goal is to proactively manage their portfolio of regulations (and interpretations) so that they are user friendly, and their second goal is to provide customer service that makes it easy to follow the right rules.

That’s what is going on in Ohio right now. In June 2022, new legislation went into effect that required Ohio’s regulatory agencies to reduce regulatory restrictions by at least 10 percent per year over a three-year period. If you’re curious how it’s going, a December 2023 memorandum summarizes the first year’s results. Here’s a key sentence from that memo: “Of the twenty-seven agencies required to reduce regulatory restrictions, twenty-three reached or exceeded a 10% reduction as of June 30, 2023 or detailed in their progress report specific plans to achieve an at least 10% reduction.”

So that aspect of proactively managing regulations in Ohio seems to be going pretty well. What about the other part, where regulators provide customer service? Ohio seems to be doing well there as well. The state set up a website, Cut Red Tape (cutredtape.ohio.gov), that allows Ohioans to submit issues related to Ohio regulations. Given the speed that most governments or large organizations typically work with, you might expect that if an Ohioan submitted a question or issue related to a regulation, that citizen might not hear back for weeks or months, or ever. But apparently that’s not the case.

On the podcast American Potential, an Ohioan entrepreneur tells the story of submitting an issue to the website. Specifically, his son and colleague had applied to a government agency to take a test to receive a specific sort of engineering license, but for reasons unexplained, his son was denied the opportunity to take the test. So the entrepreneur submitted the issue to the Cut Red Tape website. To his (and my) surprise, he heard back from someone the very next day. He explained his issue, and then the board that had previously denied the son changed its position and allowed him to take the test.

COMPARING THE TWO APPROACHES

Ohio is clearly taking an active approach to regulatory management. The state is not only pushing agencies to look back at old rules to see what is no longer necessary, but also helping its citizens when they run into problems with those regulations that remain on the books. It’s a shift in the mentality of regulators: instead of viewing themselves as rule makers and rule enforcers, they have become focused on managing and optimizing a portfolio of regulations and trying to ensure customer success.

San Francisco, on the other hand, only updated a hard-to-find regulatory interpretation from the 1980s after poor Josh Riskin sunk more than $30,000 into the effort. Imagine if San Francisco’s DBI had instead proactively reviewed its regulations and regulatory interpretations. Might the board have noticed that the old interpreta-
YANDLE’S READING TABLE

Every book reader loves to find a book that is just too good to put down. Sometimes we make such discoveries long after a book has been published. I should add it helps to find these jewels if you have a daughter who does her Christmas shopping at Goodwill Industries. This year, my daughter, Kathryn Smith, a successful author herself, gave me Erik Larson’s 2015 *Dead Wake,* an amazing account of the 1915 sinking of the *Lusitania* by a German U-boat’s single torpedo. Known for his scrupulous attention to detail and the background of stories, Larson suggests through his careful rendering that nothing was spared in his effort to turn and look under every stone, read every relevant letter, study the logs of German U-boat commanders, and even view pictures of every corpse associated with the *Lusitania*’s tragic end.

Sailing under the British flag, the *Lusitania* and its partner, the *Mauritania,* were Cunard Line’s largest and most magnificent passenger vessels. Equipped with four powerful coal-fired engines, the liners were the fastest and therefore safest in the company’s fleet. With a capacity of almost 2,000 passengers, the *Lusitania* could travel from New York to Liverpool in four or five days, depending on weather and any other delay factors. For this journey, Cunard had cut speed in favor of conserving coal, which turned out to be a contributing cause to the *Lusitania*’s deadly meeting with its killer, the German submarine *U-20*. Larson notes that the ship’s cargo included artillery rounds being shipped to the British government. Following the catastrophic sinking of the *Titanic*, Cunard had equipped its vessels with additional lifeboats and provided the latest life jackets in the quarters of all passengers. As an added safety precaution, given the outbreak of World War I, the line maintained close contact with the British admiralty, expecting to receive assistance if needed.

Larson’s story begins and ends in May 1915, two years before the United States entered World War I, which was in just its 10th month of horrible fighting. The difficult handling of America’s war involvement and personal life struggles of President Woodrow Wilson, including the loss of his wife and then his pursuit and marriage of Edith Galt, are intertwined in the story. The author introduces the reader to scores of *Lusitania* passengers, giving fascinating details on the motivations for their travel. These passengers include a highly specialized bookseller who is carrying rare volumes of Charles Dickens to a London auction and another collector who carries paintings to be sold to English collectors. The passenger list also includes a member of the Vanderbilt family and a large number of young couples with children.
The account moves sequentially from the ship’s journey under the command of Captain William Turner to Walther Schwieger, commander of the U-20, the German U-boat that sank the Lusitania, and the U-boat’s successful hunt of British tonnage to destroy and thereby stop the flow of war materiel to the British Expeditionary Force fighting in Europe. With a growing fleet of almost unstoppable U-boats, Germany had announced to the world that the seas around Britain were a war zone, and any vessel entering those waters could be subject to attack. Kaiser Wilhelm II wanted to unleash a relentless attack on British shipping as well as against the vessels of other countries that were engaged with Britain. Contrary to this stance, Germany’s chancellor Theobald Bethmann was concerned about attacking non-military vessels, fearing that doing so would bring other countries, particularly the United States, into the war.

Just prior to the Lusitania’s voyage, there were highly publicized warnings about the German U-boat threat, and the Lusitania’s passengers routinely spoke about the risk they might be assuming. For the most part, the risk was pushed aside with the supposition that Germany would not dare sink a huge passenger ship and that the British navy would provide destroyer escorts when the Lusitania made it into risky waters. It turned out that Britain had developed a highly secret intelligence hub equipped to listen to and translate German coded messages. Both sides, Germany and Britain, were highly informed as to where and when ships flying any colors would be in British waters and where and when Germany’s torpedo-equipped submarines would be prowling the waters and taking down ships of all sizes and nationalities. Using this capability, the British admiralty was fully aware of the U-20’s movement and the submarine’s proximity to the Lusitania once the ship had moved into the Irish Sea. Unfortunately, given the state of technology and codes, the admiralty could not adequately alert threatened vessels, because doing so would inform Germany of Britain’s intelligence capability. Even worse, no British navy escort was provided for the doomed the Lusitania. Then, once the ship was torpedoed and sinking rapidly, high-speed rescue vessels were precluded from coming to the aid of the more than 1,500 passengers struggling to survive in the cold waters of the Irish Sea.

Larson’s masterful account gives attention to the recognized possibility that some of Britain’s leaders, including Winston Churchill, hoped that a painful German sinking that brought the war to American interests would cause the United States to enter World War I. Eventually, of course, that happened. Among the Lusitania’s passengers were 189 American citizens. But I will stop my review here, leaving key elements of the story to be discovered by readers lucky enough to get their hands on the book. I offer a five-star rating for the book. Get a copy and enjoy some good reading.

David Brooks’s 2023 How to Know a Person offers a real change of pace for readers who may have just read Larson’s tragic story. Whereas Larson’s story may show the results of human group behavior at its worst, Brooks offers guidance for bringing out the best in the relationships we form with other people. As a Brooks fan, I see this latest book as part of a trilogy that includes his The Second Mountain (2019), which focuses on how the second part of our lives may be made more meaningful, and The Road to Character (2015), which gives guidance on how to live a life worthy of imitating. As Brooks makes clear, each of these books, and certainly his latest, is
autobiographical. Reading the book opens a large window into the life of one of America’s foremost journalist-commentators.

Like other self-improvement books, How to Know gets started with a typical individual’s pre-dispositions, explains how those may become limiting factors in getting to know others and forming relationships, and then offers recommendations for actions that may be taken to become more effective. Brooks begins by talking about his own upbringing and development. As he explains, he was a highly introverted young person who grew up in a Jewish household that assigned high importance to behaving in a British manner. As he put it, he was expected to think Yiddish and act British. Thinking was to be more rewarded than talking. Dealing with abstract situations was more important than dealing with other people to address problems of engagement, disagreement, and just plain fun. Brooks indicates that his University of Chicago education reinforced these early tendencies.

As an introvert hoping to avoid looking stupid when interacting socially, Brooks claims to have developed a tendency to be thinking about what he was to say when meeting new people and how he might be perceived as opposed to concentrating on what the other person might be saying. Early in the book, Brooks urges the reader to develop a habit of focusing deeply on others when meeting and conversing; to delay a few seconds when responding to a question, which gives the brain time to organize a meaningful response; and importantly, to become what he terms an “illuminator,” who shows a high level of curiosity about other people, what they are thinking, and why they see things the way they do. Following this line of thinking, Brooks encourages us to recognize the importance of just being with other people and accompanying them at a time of need and of not worrying too much about what we should be saying. He points out that many people hesitate to call when a friend loses a loved one or suffers a divorce for fear of not knowing what to say. The author emphasizes that just being there, that presence, can be critical.

The book is subtitled The Art of Seeing Others Deeply and Being Deeply Seen, and the exploration that follows does indeed provide practical advice. But it is important to note, I think, that Brooks offers a deep, moral view of relationships we might form with other people. He holds the position that every person knows things we do not know and has had experiences from which we can learn. Showing awareness of this in our engagement with other people enables us to see deeply and to be seen the same way.

Here’s a quote that illustrates my point:

[Y]ou may be an atheist, an agnostic, a Christian, a Jew, a Muslim, a Buddhist, or something else, but this posture of respect and reverence, this awareness of the infinite dignity of each person you meet, is a precondition for seeing people well. . . . If you consider that each person has a soul, you will be aware that each person has some transcendent spark inside them. You will be aware that at the deepest level we are all equals.

The book has three major parts. Part one is headed “I See You”; part two, “I See You in Your Struggles”; and part three, “I See You with Your Strengths.” Richly interspersed with summaries of relevant social sciences research, interviews, and short case studies, the book ends with a self-assessment, where the author gives a report card on how much progress he has made in his own effort to build what he calls “communities of
truth.” These are associations with other people who now comfortably see and understand each other more fully. I note that Brooks admits that he has a way to go in learning how to see and be seen more deeply, but he feels he has made considerable progress since his early years, when he was expected to think Yiddish but act British.

I recommend the book, especially for those who have a few decades of life experience under their belts.

NOTES


5. This section is based on Bruce Yandle, “Counterpoint: Bidenomics’ Rosy Data vs. the Price of Snickers Bars,” DC Journal, February 1, 2024, https://dcjournal.com/countr


38. Official Senate website of Bill Cassidy, “Cassidy Leads Introduction of Foreign Pollution Fee.”
43. This is taken from Yandle, “Presidential Candidates and the Myth of Dwindling Manufacturing.”
44. York, “Tracking the Economic Impact of U.S. Tariffs and Retaliatory Actions.”
64. San Francisco Permit Center Department of Building Inspection, *Getting a City Permit: A Guide to Doing Construction Work in the City and County of San Francisco*, November 2004.

65. Echeverria, “He Got S.F.’s Code Changed.”


