

2 March 2010

Today's Tabloid

PERSONAL NEWS FOR Ign@limitedgovernmentnetwork.com

FISCALLY CONSERVATIVE BLOG FEEDS

Andrew Exum and the Philosophy of Science [Cato at Liberty]

MAR 01, 2010 03:23P.M.

By Justin Logan

Andrew Exum suggests a “manifesto...for those using quantitative analysis to study war/Hippocratic Oath for Quantitative Analysis in Security Studies” here. I think there are two different critiques lurking in there, but his presentation of his list muddles them together. The first critique is mostly about the importance of modesty in social science, but the second seems quite like an assault on the very idea of social science.


First, let me put my cards on the table. I am not a quantitative or a formal modeler. (These two approaches are different, but Exum seems to lump them together.) I have a rudimentary statistics background, and could identify supremely egregious errors in both quantitative and formal model papers if I were locked in a room and threatened with violence. I am no partisan of either faction. But I think Exum's views are probably common in DC, so this could work as a forum for discussing part of what I think is wrong with the DC policy debate.

Take, to start, Exum's suggested pledge that “War is a human endeavor. I recognize that it is a phenomenon that does not conform to neat mathematical equations,” and set it in the context of another one: “I recognize that very few squad leaders in the 10th Mountain Division have ever taken a course in statistics yet probably know more about the conduct and realities of war than I do.”

The first claim is about modesty: social science is not the same as physical science. It is harder to conduct controlled experiments in social science, for a variety of practical/political and moral/ethical reasons. (The war in Iraq may be an exception.) If what Exum is getting at here is a claim like “quantitative scholars can be arrogant and oversell their research,” then Amen. But his second claim lionizes squad leaders in the 10th Mountain Division as superior in knowledge to social science researchers. I find this juxtaposition very odd, and I think it's basically a rejection of social scientific principles in general. (It also seems to carry with it an implicit claim that military operations cannot be subject to scrutiny by non-military overseers. As a helpful reviewer of this post wrote, “It's the equivalent of saying that we should just do whatever teacher's unions want in K-12 education policy, or that the guys who run meatpacking plants are qualified to offer opinions about food safety.”)

It just isn't true that inducing inferences from anecdotal experience produces better explanations/predictions than do people who have larger universes of cases and can control for various factors. Exum seems to support an approach to theory-building in which one directly observes facts and then induces theory based on those observed facts. To put it mildly, this is a peculiar view of the philosophy of science. So what starts as a lament about the arrogance of various factions of social scientists becomes a larger criticism of social science itself.

That is because while Exum is explicitly focusing on quantitative researchers or formal modelers or both, qualitative research is subject to the same criticism he is offering. If first-hand observation of facts leads to sounder understandings of subject matter than does clear theorizing and fair-minded examination of larger samples of data, then social science itself is cast into doubt. If that's not where he's going with this, I'd like to hear more about where he is going.

The practical problem with his call for theoretical and analytic modesty is that it cuts against the incentives researchers face. Existing scholarship consists of very ambitious theories that are promised to hold lots of explanatory power. Given that is the nature of the debate, a paper that says outright “my theory is pretty good, but I identify lots of important cases where it won't hold together and I don't know why” would have little chance of publication. I think this is an important point, and many theorists will tell you over drinks the limits of their theories, but the incentive structure is such that one can't sell a theory in that way. 

FISCALLY CONSERVATIVE BLOG FEEDS

Wars, Crimes, and Underpants Bombers [Cato at Liberty]

MAR 01, 2010 02:45P.M.

By Julian Sanchez

I've been meaning to follow up on Gene Healy's post from last week on the interrogation and prosecution of terror suspects. I share Gene's bemusement at the howls emanating from Republicans who have abruptly decided that George Bush's longstanding policy of dealing with terrorism cases through the criminal justice system is unacceptable with a Democrat in the White House. But I also think it's worth stressing that the arguments being offered — both in the specific case of Umar Farouk Abdulmutallab and more generally — aren't very persuasive even if we suppose that they're not politically motivated.

Two caveats. First, folks on both sides would do well to take initial reports about the degree of cooperation terror suspects are providing with a grain of salt. For reasons too obvious to bother rehearsing, investigators won't always want to broadcast accurately or in detail the precise degree of cooperation a suspect is providing. Second, as Gene noted, given that it seems unlikely we'll need to use Abdulmutallab's statements against him at trial, the question of whether the civilian or military system is to be preferred can be separated from the argument about the wisdom of Mirandizing him. That said, the facts we have just don't seem to provide a great deal of support for the conclusion that, warning or no, criminal investigators are somehow incapable of effectively questioning terrorists.


Certainly if you ask veteran FBI interrogators, they don't seem to share this concern that they won't be able to extract intelligence their military counterparts would obtain. You might put that assessment down to institutional pride, but it's consistent with the evidence, as the FBI has had impressive successes on this front already. And if you don't want to take their word for it, you can always ask Judge Michael Mukasey who, before becoming attorney general under George W. Bush, ruled that military detainees were entitled to "lawyer up" — as critics of the Bush/Obama approach are wont to put it — explicitly concluding that "the interference with interrogation would be minimal or nonexistent."

Nor, contra the popular narrative, does it appear to have interfered in the Abdulmutallab case. Republicans leapt to construe sketchy early reports as implying that the failed bomber had been talking to investigators, then clammed up upon being read his Miranda rights and provided with counsel. But that turns out to have gotten the order of events wrong. In reality, Abdulmutallab was initially talkative — perhaps the shock of having set off an incendiary device in his pants overrode his training — but then ceased cooperating *before* being Mirandized. Rather, it was the urging of his family members that appears to have been crucial in securing his full cooperation — family members whose assistance would doubtless have been far more difficult to secure without assurances that he would be treated humanely and fairly within the criminal justice system. It's possible, one supposes, that the emo terrorist might have broken *still more rapidly* in military custody, but it seems odd to criticize the judgment of the intelligence professionals directly involved with the case, given that their approach has manifestly worked, on the basis of mere speculation about the superior effectiveness of an alternative approach.

Stepping back from this specific case, there seem to be strong reasons to favor recourse to the criminal systems in the absence of some extraordinarily compelling justification for departing from that rule in particular cases. Perhaps most obviously, few terror suspects are quite so self-evidently guilty as Abdulmutallab, and so framing the question of their treatment as one of the due process rights afforded "terrorists" begs the question. The mantra of those who prefer defaulting to military trial is that "we are at war" — but this is an analytically unhelpful observation. We're engaged in a series of loosely connected conflicts, some of which look pretty much like conventional wars, some of which don't. This blanket observation tells us nothing about which set of tools is likely to be most effective in a particular case or class of cases — any more than it

answers the question of which battlefield tactics will best achieve a strategic goal.

For the most part, the insistent invocation of the fact that "we're at war" seems to be a kind of shibboleth deployed by people who want to signal that they are Very, Very Serious about national security without engaging in serious thought about national security. If it came without costs, I would be loath to begrudge them this little self-esteem boosting ritual. But conflict with terrorists is, by definition, a symbolic conflict, because terrorism is first and foremost a symbolic act. As Fawaz Gerges documents in his important book *The Far Enemy*, jihadis had traditionally been primarily concerned with the fight to impose their rigid vision in the Muslim world, and to depose rulers perceived as corrupt or too secular. The controversial — and even among radical Islamists, quite unpopular — decision to strike "the Far Enemy" in the United States was not motivated by some blind bloodlust, or a desire to kill Americans as an end in itself. Rather, Osama bin Laden and Ayman al-Zawahiri hoped that a titanic conflict between Islam and the West could revive flagging jihadi movement, galvanize the *ummah*, and (crucially) enhance the prestige of Al Qaeda, perceived within jihadi circles as a fairly marginal organization.

This has largely backfired. But it's important to always bear in mind that attacks on the United States, especially by sensational methods like airplane bombings, are for terror groups essentially PR stunts whose value is ultimately instrumental. They don't do it for the sheer love of blowing up planes; they do it as a means of establishing their own domestic credibility vis a vis more locally-focused Islamist groups (violent and peaceful) with whom they are competing for recruits. While our response to these attempts will often necessarily have some military component, there is no reason to bolster their outreach efforts by making a big public show of treating Al Qaeda in the Arabian Peninsula as tantamount to a belligerent foreign state. Better, when it's compatible with our intelligence gathering and security goals, to treat Abdulmutallab and his cohorts as just one more band of thugs. 

FISCALLY CONSERVATIVE BLOG FEEDS

The Fox Butterfield Effect and the Laffer Curve [Cato at Liberty]


MAR 01, 2010 12:50P.M.

By Daniel J. Mitchell

A former reporter for the *New York Times*, Fox Butterfield, became a bit of a laughingstock in the 1990s for publishing a series of articles addressing the supposed quandary of how crime rates could be falling during periods when prison populations were expanding. A number of critics sarcastically explained that crime rates were falling because bad guys were behind bars and invented the term "Butterfield Effect" to describe the failure of someone to put 2 + 2 together. We now have a version of the Butterfield Effect in tax policy.

Recent IRS data show that rich people earned a record amount of income in 2007 and also faced their lowest effective tax rate in almost two decades. Proponents of soak-the-rich tax policy complain about these developments, as seen in the Bloomberg excerpt below, but they seem oblivious to the Laffer Curve insight that rich people earned more income in part because tax rates were lower. So if they penalize the rich with higher tax rates, as President Obama is proposing, they will be disappointed to discover that they collect considerably less revenue than predicted for the simple reason that wealthy taxpayers will respond by earning less taxable income.

The 400 highest-earning U.S. households reported an average of \$345 million in income in 2007, up 31 percent from a year earlier, IRS statistics show. The average tax rate for the households fell to the lowest in almost 20 years. ...The statistics underscore "two long-term trends: that income at the very top has exploded and their taxes have been cut dramatically," said Chuck Marr, director of federal tax policy at the Center on Budget and Policy Priorities, a Washington-based research group that supports increasing taxes on high-income individuals.

As an aside, it's also worth noting that the IRS tax-rate numbers are very misleading. The tax burden on the rich has dropped largely because of lower tax rates on dividends and capital gains. But when the IRS says upper-income taxpayers had an average tax rate of 16.6 percent, this does not include the other layers of tax that are imposed. The corporate income tax is 35 percent (just counting the federal level), for instance, so the actual average tax rate on these forms of income is far higher. Double taxation is counterproductive to growth and competitiveness, though, which is why the correct tax rate on dividends and capital gains is zero. For more on the Laffer Curve, this three-part video series addresses theory, evidence, and the biased revenue-estimating process. 

FISCALLY CONSERVATIVE BLOG FEEDS

On Tonight's Kudlow Report [Larry Kudlow's Money Politic\$]

MAR 01, 2010 12:21P.M.



This evening at 7pm ET:

HEALTHCARE REFORM & TAX HIKES

- Sen. Lamar Alexander (R-TN; Budget & Appropriations Cmte. Member)

BUNNING BUNTS ON UNEMPLOYMENT BENEFITS & COBRA

Alan Reynolds, Cato Institute Sr. Fellow

EXCLUSIVE INTERVIEW WITH WARREN BUFFETT

CNBC's Becky Quick reports from her conversation with the Oracle of Omaha.

GREECE & THE DOLLAR/EURO

-What are the Germans going to do?
-Is Germany's Merkel in trouble?

- Peter Navarro, "The Coming China Wars" Author; UC - Irvine Business Professor

- Andrew Busch, BMO Capital Markets; CNBC Contributor

INTERVIEW WITH LARRY SUMMERS

Fast Money's Karen Finerman reports.

MARKOPOLOS DISHES ON MADOFF

CNBC's Mary Thompson reports.

MARKOPOLOS & JEFF SKILLING - CONSTITUTIONAL ISSUES

Thomas Curran, Partner ; Peckar & Abramson, P.C

Please join us. *The Kudlow Report*. 7pm ET. CNBC. 

FISCALLY CONSERVATIVE BLOG FEEDS

Higher Tuition and Two Subway Sandwich Shops!? Berkeley Students Declare War [Cato at Liberty]

MAR 01, 2010 12:19P.M.

By Neal McCluskey

A few months ago I highlighted a report about growing college-student “activism” focused not on lofty ideals like ending war or oppression, but on taking money out of taxpayers’ wallets and putting it into students’. Well today I apologize for doubting the high-minded idealism of at least some of our crusading college kids. Yes, recent student rioting in Oakland, California was partially animated by outrage over moves to have students pay more for their massively subsidized educations, but the property destruction was about much, MUCH more than that:

Crowds outside the building continued to swell, and by about 1:30 a.m., people began to clash with police, throwing bottles, setting trash ablaze and breaking several windows on Telegraph, including the plate-glass front windows of a Subway sandwich shop, police said. Protesters lit a large garbage container on fire, then rolled it into the street...

A protest leader, UC Berkeley student Callie Maidhof, defended the vandalism and said rioters targeted the sandwich shop because a second Subway is scheduled to open on campus, just across Bancroft Way.

“There will be two Subways within 100 feet of each other,” she said.


The Vietnam War. Crushing racial segregation. *A glut of hoagie shops!* The student battle for justice clearly goes on! And Californians have much more to look forward to: Thursday will be a statewide “Day of Action,” and in addition to deafening demands for continued taking from taxpayers, students will no doubt also give Fuddruckers, or maybe even Starbucks, it’s long-deserved comeuppance.

The day of liberation – and really amped-up rent-seeking – is finally at hand! 

FISCALLY CONSERVATIVE BLOG FEEDS

Swearing Off Pork in 2010 [The Club for Growth]

MAR 01, 2010 12:01P.M.


The Club has released its annual list of members of Congress who have sworn off earmarks for the year. To be clear, this is not an official pledge sponsored by the Club for Growth. It need to judge the merits independently, although the Club may, of course, weigh in as well. 

FISCALLY CONSERVATIVE BLOG FEEDS

Monday Links [Cato at Liberty]

MAR 01, 2010 11:58A.M.

By Chris Moody

- Countdown: A quick rundown of some of the best (and worst) ideas for health care reform.
- The case for high-deductible health insurance: “Of every dollar spent on health care in this country, just 13 cents is paid for by the person actually consuming the goods or services....As long as someone else is paying, consumers have every reason to consume as much health care as is available....This all but guarantees that health care costs and spending will continue their unsustainable path. And that is a path leading to more debt, higher taxes, fewer jobs and a reduced standard of living for all Americans.”
- *McDonald v. Chicago*: A new Supreme Court battle over the right to bear arms.
- Reality: The real housing crisis was the bubble, not the bust. “Washington must stop and re-learn basic economics. First, when you’re in a hole, stop digging. In the case of housing, as a country, we built too much. The cure is to build less.”
- Podcast: “Charge Back, Forward on Financial Regulations” featuring Mark A. Calabria. 

FISCALLY CONSERVATIVE BLOG FEEDS

Monday's Daily News [The Club for Growth]

MAR 01, 2010 11:20A.M.

No more earmarxists! Top Democrat: s annual letter to shareholders (PDF) 

FISCALLY CONSERVATIVE BLOG FEEDS

Test Cheating by National Education Standards Agency [Cato at Liberty]

MAR 01, 2010 11:05A.M.

By Andrew J. Coulson

When you erase a test score and write in a new one for your own benefit, that's cheating, right? So what is it when you do this several thousand times?


Ofqual, the British education standards regulator, "secretly downgraded the GCSE [General Certificate of Secondary Education test] results of thousands of pupils to avoid public fury over dumbed-down tests," reports the *Daily Mail*. "Fearing a row over inflated results, Ofqual's chief executive ordered all exam boards to cut the number of pupils getting top scores just two days before marks were finalized."

The argument for national education standards is based on a host of unexamined and incorrect assumptions. One is the belief that the authorities overseeing such standards (and associated testing) will have truth and transparency as their only motivations. As the above example illustrates, that's rubbish. Bureaucrats and politicians are as self-interested as the rest of humanity, and they do, in practice, consult their own interests in the execution of their duties.

The way to deal with this reality is not to ignore it — as national standards advocates and other statists are wont to do — but rather to adopt systems for structuring human action that take it into consideration. In the context of education standards, that means leaving the standards-setting process to the competitive marketplace: make it easy for all families to choose whatever schools they deem best, allow schools to administer whatever curriculum and whatever tests they want, and allow higher ed and employers to weigh the value of the various standards and certifications that arise. Lousy standards that don't reflect real achievement won't be valued, good ones that do will be.

National standards advocates are right that children should be encouraged to do their best and that every child's diploma should really

mean something. But that doesn't mean that every diploma has to mean the *same* thing. A competitive marketplace for education standards and testing would ensure both quality and relevance, while also allowing for the fact that very different students heading toward very different futures may want to strive to excel in different areas.

For a detailed account of the evidence on national standards and its alternatives, see Neal McCluskey's excellent recent policy analysis on the subject, linked here. 

FISCALLY CONSERVATIVE BLOG FEEDS

The Best and Worst Ways to Reform Health Care [Cato at Liberty]

MAR 01, 2010 09:44A.M.

By Michael F. Cannon

From my health care reform oped in today's *Daily Caller*:

President Obama wants to work with Republicans on health care reform. "I am going to be starting from scratch," he says, "in the sense that I will be open to any ideas that help promote" controlling health care costs and making health insurance more widely available.


As it happens, many of the worst ideas are in the legislation Obama supports. Republicans have embraced some of the best ideas, but also some of the worst.

The best health care reform ideas give consumers the money, let them choose a health plan regulated by a state of their choice, and reduce the federal government's role in providing medical care to the needy. The worst ideas? Creating or expanding government health care programs, mandates, price controls on health insurance, and federal med mal reform. 

FISCALLY CONSERVATIVE BLOG FEEDS

Energy Tax Hike Series: Superfund Tax Reinstated [Americans for Tax Reform]

MAR 01, 2010 09:37A.M.

The President's FY 2011 budget contains hundreds of billions of dollars in new taxes on energy production and consumption. These taxes will result in higher prices at the pump, increased utility... 

FISCALLY CONSERVATIVE BLOG FEEDS

Using Guns to Protect Liberty [Cato at Liberty]

MAR 01, 2010 08:46A.M.


By Ilya Shapiro

Tomorrow the Supreme Court will hear oral argument in *McDonald v. Chicago* — the Second Amendment case with implications far beyond gun rights. The Court is quite likely to extend the right to keep and bear arms to the states and thereby invalidate the Chicago handgun ban at issue, but the way in which it does so could revolutionize constitutional law.

In response to the oppression of freed slaves and abolitionists in southern and border states after the Civil War, the Fourteenth Amendment's drafters sought to protect individual rights from infringement by state and local governments. The amendment's Due Process Clause and Privileges or Immunities Clause provided overlapping but distinct protections for these rights. The Court decided in the 1873 *Slaughter-House Cases*, however, that the Privileges or Immunities Clause only protected Americans' rights as national, not state, citizens. This reactionary holding eviscerated the clause, rendering it powerless to protect individual rights from state interference.

McDonald provides the Court an opportunity to overturn the *Slaughter-House Cases* and finally restore the Privileges or Immunities Clause to its proper role as a check against government intrusion on individual rights. Doing so would secure Americans' natural rights, such as the freedom of contract and the right to earn an honest living, without enabling judges to invent constitutional rights to health care or welfare payments. For a more detailed discussion of *McDonald's* potential implications, and how the Court should rule, see my recent op-ed here.

I will also be participating in several public events this week on *McDonald*, the Fourteenth Amendment, and firearm regulation. Today at 4:00 p.m., I will be speaking at a Cato policy forum, which will be broadcast live on C-SPAN and which you may watch online here.

Tomorrow at 3:30 p.m., I will participate in a post-argument discussion of *McDonald* at the Georgetown University Law Center, which event is cosponsored by the Federalist Society and the *Georgetown Journal of Law and Public Policy* (where Josh Blackman and I recently published a lengthy article on the subject). And on Wednesday at noon, I will be participating in a Cato Capitol Hill briefing on *McDonald* and the future of gun rights at the Rayburn House Office Building, room B-340 (more information here). 

FISCALLY CONSERVATIVE BLOG FEEDS

Amazon Taxes and “Preferential Tax Treatment” [Tax Foundation]

MAR 01, 2010 12:00A.M.

NPR's Alan Greenblatt reviews the Amazon tax trend. It's a good article although it omits any discussion of the burden these taxes impose, preferring to take the states' “lost tax revenue” argument at face value.

Consequently, we get this zinger of a quotation at the end from the left-of-center California Budget Project:

“Why would a state give preferential tax treatment to a business that by definition doesn't employ a single person in that state?”

The cited “preferential tax treatment” is a non-resident not having to pay taxes. Since non-residents don't use public services, that's not what I would consider “preferential tax treatment.” It should be the default rule. Yes, perhaps the CBP and state officials would like to shift tax burdens to out-of-state businesses but that's poor fiscal policy. The people that use services should, generally, be the ones paying for them.

One of the big reasons we have the U.S. Constitution is because states have always had the incentive of shifting tax burdens to non-voters, particularly by burdening interstate commerce. States that go that route do harm to the national economy, send a signal of business unfriendliness, and contribute to volatility in their own fiscal systems.

More on Amazon taxes here. 

FISCALLY CONSERVATIVE BLOG FEEDS

Anti-Taxpayer Proposal of the Week [Tax Foundation]


MAR 01, 2010 12:00A.M.

Like most states, Idaho is facing a budget shortfall for FY 2011. Governor C.L. "Butch" Otter is proposing a balanced budget for the year that does not include a tax increase, but he is proposing to use roughly \$175 million from the State's three reserve funds to close the budget gap.

While Idaho taxpayers may be cheered to learn they are not facing a tax hike, they may not be too pleased to learn that the Governor wants to spend \$1.5 million of the State's "Budget Stabilization Fund" on the Idaho Tax Commission in order to chase down non-payers and close the "tax gap."

According to the Governor's Budget Highlights (section A-7) (PDF):

- The Governor recommends a transfer in the amount of \$1,500,000 from the Budget Stabilization Fund (BSF) to the Tax Commission. Per S 1227 of the 2009 Legislative Session, the Governor has the authority to transfer funds from the BSF to any Executive Branch agency receiving General Fund for the purpose of Personnel Costs during FY 2010.
- The Governor recommends ongoing General Fund monies totaling \$1.5 million to the Tax Commission to support auditors hired to help close the tax gap between what is collected in tax revenue and what could be collected from non-payers.

It's ironic, to say the least, that Governor Otter would propose spending some of the state's rainy day fund—which is like a savings account for past surplus tax dollars—to squeeze even more money out of Idaho citizens all in the name of avoiding a tax hike. 

FISCALLY CONSERVATIVE BLOG FEEDS

Richardson Wants Smokers to Help Foot His Bill [Tax Foundation]

MAR 01, 2010 12:00A.M.

NM lawmakers to consider sales tax increase:


The House and Senate will consider the budget package, including more than \$200 million in tax increases, during a special session that convenes Monday.

Gov. Bill Richardson called lawmakers back to work after they failed to agree on a state budget during a 30-day legislative session that ended last month.

...Democratic leaders met last week and negotiated a budget-balancing package of tax increases and spending cuts. Persuading House and Senate rank-and-file members to back the proposals won't be easy, however.

Among the proposals:


— A 50-cent increase in the tax on a package of cigarettes. It would generate nearly \$24 million. The state tax is currently 91 cents a pack.

New Mexico now ranks 30th in the country for cigarette tax rates, but a 50 cent hike would bring them up to the 21st. Many politicians like to rob an unpopular minority's pleasure instead of do something politically unpopular—like cut spending—during rough economic times. Last year 15 states, the federal government, and Puerto Rico increased cigarette taxes. The worst time to be a smoker is during a recession. 

FISCALLY CONSERVATIVE BLOG FEEDS

Citizen Ben - Teaching Citizenship Classes [Reason TV]

MAR 01, 2010 12:00A.M.

A day in the life of Benjamin Thurtchley - Congressional staffer by day, volunteer citizenship instructor by night. Round 1 entry for YouTube:Project Report, sponsored by the Pulitzer Center. Directed and produced by amateur filmmaker, Rob Raffety, of Arlington, Virginia. 

FISCALLY CONSERVATIVE BLOG FEEDS

Profits [Reason TV]

MAR 01, 2010 12:00A.M.

Are profits in a free market a sign of greedy businessmen stealing from their customers and hoarding wealth at the expense of ordinary people?

Or... Are they, along with losses and the relative high or low prices commanded by different goods & services, actually a crucial part of a functioning and growing economy?

Find out about that and about how special favors from government can destroy the information provided by profits & losses in this video written & produced by Sean W. Malone with CitizenA Multimedia productions.

Animated by Mark T. Petro

Narrated by Bill Catlett

Music & Sound Design by Sean W. Malone 

FISCALLY CONSERVATIVE BLOG FEEDS

Senator Bunning's Unappreciated Gifts [Cato at Liberty]

FEB 27, 2010 05:39P.M.

By Alan Reynolds

Sen. Jim Bunning (R., Ky.) blocked "extended" unemployment benefits beyond their scheduled expiration on February 27. That thwarted bill would also have put off, again, a scheduled 21 percent cut in Medicare payments to physicians. Democrats were outraged. But why?

Bunning just wanted to use leftover "stimulus" money to pay for the benefits. Why not? Such transfer payments accounted for over 80 percent of stimulus spending last year.

Besides, as Federal Reserve policymakers noted, the evidence is overwhelming (see here and here) that extending unemployment benefits from six months to nearly two years has *raised the unemployment rate* by a percentage point or two. I've waited since 1991 for someone to prove I'm wrong about that. Nobody has, because nobody can.

If the maximum *duration* of jobless benefits were trimmed by 13 to 20 weeks (which is all that's at stake), they would still be far more extended than ever before. But the unemployment rate by the time of this November's elections would be *much lower* than otherwise. Would Democrats prefer to go into the elections with an unemployment rate near 10 percent or a rate below 9 percent?

As for Medicare, slashing payments to physicians is the Democrats' favorite way of paying for expanding Medicaid enrollment and health-insurance subsidies for the non-poor. If they really think that will work, how can they possibly object to saving money sooner rather than later?

[Cross-posted at The Corner] 
