

23 January 2010


# Today's Tabloid

PERSONAL NEWS FOR [Ign@limitedgovernmentnetwork.com](mailto:Ign@limitedgovernmentnetwork.com)

FISCALLY CONSERVATIVE BLOG FEEDS

## No Means Yes? [The Club for Growth]

JAN 22, 2010 05:41P.M.

This story is.....insane. Oregon liberals knew that if they put a tax hike on the ballot, the voters would reject it, so they tried to sneak language into the bill so that if the voters rejected it, it would pass. Radley Balko has the scoop. 

FISCALLY CONSERVATIVE BLOG FEEDS

## If You Prick a Corporation, Does It Not Bleed? [Cato at Liberty]

JAN 22, 2010 05:25P.M.


By Julian Sanchez

Well, no, because as my liberal friends all seem to be indignantly announcing in the aftermath of the *Citizens United* ruling, corporations aren't really people! They're creatures of statute, and "corporate personhood" is just a convenient legal fiction. Which is fair enough, but also seems to miss the point rather spectacularly. As a practical matter, it is hard to imagine any constitutional liberty that could not be reduced to a hollow joke if we refused to count as an infringement any regulation that nominally targeted only the corporate *mechanism* for coordinating its exercise.

Having dispensed with the repellent doctrine of corporate personhood, we can happily declare that journalists enjoy full freedom of the press ... as long as they don't plan on using the resources of the New York Times Company or Random House or Comcast, which as mere legal fictions can be barred from using their property to circulate unpatriotic ideas. You're free to practice your religion without interference — but if it's an unpopular one, well, let's hope you don't expect to send your kids to a religious school or build a church or something, because those tend to involve incorporating. A woman's right to choose is sacrosanct, but since clinics and hospitals are mere corporations with no such protection, she'd better hope she knows a doctor who makes house calls. Fill in your own scenarios, it's easy.

The irony here is that it's libertarians who are often accused of a myopic obsession with formal liberties rather than their real-world value to

people — "the law in its majestic equality" and all that. But this, surely, would be the height of empty formalism — a right to swing your fist that stops at *the air*.

I think people are obsessing over this because we often think of rights as flowing, at least in part, from respect for our intrinsic human dignity, and it seems equal parts farcical and offensive to suggest that institutions like Exxon and Nike are in the same moral category. As a purely ethical matter, *of course* corporations as such don't have rights. As a practical matter, though, rights that wither at the corporate touch won't do you a whole lot of good in the 21st century. 

FISCALLY CONSERVATIVE BLOG FEEDS

## Speech For Me, But Not for Thee [Cato at Liberty]

JAN 22, 2010 04:58P.M.

By Roger Pilon


Politico Arena asked a second question today:

Will *Citizens United* alter American campaigns and if so, how?

My response:

Will *Citizens United* alter American campaigns? Probably — and for the good. Corporations, unions, and their officers will no longer fear criminal prosecution if they run afoul of inscrutable prohibitions on independent political campaign expenditures that not even FEC commissioners understand. There will be more political speech as a result, and more perspectives on the issues of the day. That speech will come from all sides — after all, George Soros and Rupert Murdoch are not likely to be saying the same things, and with restraints prior to elections now lifted, differences like those will doubtless be reflected in great variety in the speech that comes from the rest of corporate and union America. And most important, the core function of the First Amendment, the protection of political speech, has been restored in important, if not in all, respects.

But other, more sinister, results may also flow from yesterday's decision. President Obama's new populism surfaced immediately: He called the decision "a major victory for big oil, Wall Street banks, health insurance

companies,” and other “special interests.” And *The New York Times*, in an all but unhinged editorial, pronounced that “with a single, disastrous 5-to-4 ruling, the Supreme Court has thrust politics back to the robber-baron era of the 19th century.” Claiming that the decision “strikes at the heart of democracy,” the *Times* tells us that “Congress must act immediately to limit the damage of this radical decision.” How? By enacting “a law requiring publicly traded corporations to get the approval of their shareholders before spending on political campaigns.” So much for corporate internal-governance rights. And get this: “Congress should repair the presidential public finance system and create another one for Congressional elections to help ordinary Americans contribute to campaigns.” As if ordinary Americans could not contribute to campaigns without such congressional assistance. Concerning the “presidential public finance system,” it’s been in place for years — you can check off a contribution when you pay your taxes. That fewer and fewer Americans are choosing to contribute through this “public” financing system speaks volumes, of course. And it tells us too why *Citizens United* has brought forth such rage among the decision’s opponents: It’s a major setback to their larger agenda. You see, the complex federal campaign finance system that has grown steadily — until yesterday — was never meant to be the final word. It was only a way station to *public* campaign financing. Once there, at that ultimate end, political speech in the form of campaign contributions would rest safely in incorruptible public hands — save, of course, for those contributions that take the form of editorials coming from such corporate giants as *The New York Times*, which the First Amendment would continue to protect. Now there is a vision that warms the soul of the Great Gray Lady. 

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FISCALLY CONSERVATIVE BLOG FEEDS

## A Victory for Fiscal Sovereignty and Human Rights [Cato at Liberty]

JAN 22, 2010 04:51P.M.

By Daniel J. Mitchell


A Swiss court just threw a wrench in the gears of an IRS effort to impose bad U.S. tax law on an extraterritorial basis, ruling that Switzerland-based UBS does not have to hand over data to the American tax authorities. This ruling nullifies an agreement that the Swiss government was coerced into making with the U.S. government last year.

In typical arrogant fashion, the IRS already has indicated that it still expects acquiescence, notwithstanding Switzerland’s strong human rights policy on personal privacy. The Bloomberg story excerpted below has the details, but it’s worth noting that this entire fight exists solely because the Internal Revenue Code imposes double taxation on income that is saved and invested, and imposes that bad policy on economic activity outside America’s border. But just as other governments should

not have the right to impose their laws on things that happen in America, the United States should not have the right to trample the sovereignty of other nations:

The failure by U.S. citizens to complete certain tax forms or declare income doesn’t constitute “tax fraud” that would require Switzerland to disclose account data, the country’s Federal Administrative Court ruled in a judgment released today. ...“The prosecutors at the Justice Department are not going to be happy with this opinion,” Namorato said in an interview in Washington. ...U.S. Justice Department spokesman Charles Miller declined to comment. ...The Internal Revenue Service said in a statement that while the agency hadn’t reviewed the ruling it “had every expectation that the Swiss government will continue to honor the terms of the agreement.” ...Switzerland distinguishes between tax fraud, which is a crime, and tax evasion, which is a civil offense.

This battle is part of a broader effort by uncompetitive nations to persecute “tax havens.” Creating a tax cartel for the benefit of greedy politicians in France, Germany, and the United States would be a mistake. An “OPEC for politicians” would pave the way for higher taxes, as explained here, here, and here.

But this also is a human rights issue. Look at what happened recently in the thugocracy known as Venezuela, where Chavez began a new wave of expropriation. The Venezuelans with money in Cayman, Miami, and Switzerland were safe, but the people with assets inside the country have been ripped off by a criminal government. Or what about people subjected to persecution, such as political dissidents in Russia? Or Jews in North Africa? Or ethnic Chinese in Indonesia? Or homosexuals in Iran? And how about people in places such as Mexico where kidnappings are common and successful people are targeted, often on the basis of information leaked from tax departments. This world needs safe havens, jurisdictions such as Switzerland and the Cayman Islands that offer oppressed people the protection of honest courts, financial privacy, and the rule of law. Heck, even the bureaucrat in charge of the OECD’s anti-tax competition campaign admitted to a British paper that “tax havens are essential for individuals who live in unstable regimes.” With politicians making America less stable with each passing day, let’s hope this essential freedom is available in the future. 

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FISCALLY CONSERVATIVE BLOG FEEDS

## Ryan Ellis Talks Bank Tax, TARP, Health Care and Excessive Government Spending on Glenn Beck [Americans for Tax Reform]

JAN 22, 2010 04:19P.M.

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FISCALLY CONSERVATIVE BLOG FEEDS

## The Government Should Have Less Power to Tax and Spend, Not More Power to Regulate Speech [Cato at Liberty]

JAN 22, 2010 03:56P.M.

By Ilya Shapiro

Yesterday, *The Hill* asked various pundits and politicians to respond to the Supreme Court's *Citizens United* ruling. The Big Question (as their periodic feature is called) was, "Will corporate money change campaigns?" You can read my response here.


Today, that same newspaper invited me to blog some further thoughts on the *Citizens United* decision. Here's what I wrote:

Critics of yesterday's decision say the sky of American democracy is falling. Supporters—including myself—say it's a great day for the republic and a vindication of the freedom of speech. How can this be? Are nonprofit think tanks and advocacy groups like my own Cato Institute, the ACLU, the NRA, and many other odd bedfellows who supported *Citizens United* all in the pockets of Wall Street, Big Oil, insurance companies, and others that President Obama assails as corrupting our politics? Leaving aside the issue of why the politician who got more of his campaign funding from Goldman Sachs than any other source would be going after the very industries that most support him, the asymmetry in this debate rests on the myth that money is an evil in the political system, and that therefore the American people want so-called campaign finance reform to "clean up" government.

Money is no more an evil in politics than it is in life generally.

Some people may not like mud-slinging attack ads, but some people also don't like SUVs, the Super Bowl, the *Jay Leno Show*, and many other things that people spend money on—including donations to Cato, the ACLU, the NRA, etc. The problem with money in politics isn't the money, but rather the politics. So long as the government is powerful enough to dole out tax breaks, subsidies, stimulus funds, regulations, earmarks, and a whole host of other goodies (and baddies), those that stand to benefit (and lose) will spend money on the political process. The way to get rid of this behavior and spending—which is constitutionally protected in a whole host of ways: freedom of speech, freedom of association, the right to petition the government for redress of grievances, etc.—is to reduce the government's power to affect so many people's lives and transform economic incentives for businesses big and small. Reduce the size of government and K Street will melt away.

Finally, as my colleague Roger Pilon points out, 26 states have minimal campaign finance laws, with no evidence that those states have more corruption—or a more unequal "political playing field"—than states that strictly regulate. And that's because the *real* reason we have campaign finance regulations—the dirty little secret behind the whole convoluted regime—is that it's an incumbency protection racket. From the so-called "millionaire's amendment" that the Supreme Court struck down in 2008 to the limits on corporate and union advocacy that the Court struck down yesterday, McCain-Feingold and all other campaign finance legislation—passed by self-interested politicians—is designed to make it harder for challengers. After-all, incumbents have the benefit of name recognition, taxpayer-funded travel to and around their home districts and states, taxpayer-funded campaign literature disguised as informational flyers touting all the great things a congressman is doing, and a host of other advantages.


The First Amendment is not a "loophole" for big business and those of us who want freer speech—without bureaucrats deciding who gets to speak when and how much—are not corporate shells. Free speech is the very foundation of our democracy, and we are stronger today for the *Citizens United* decision. 

FISCALLY CONSERVATIVE BLOG FEEDS

## Weekend Links [Cato at Liberty]

JAN 22, 2010 03:15P.M.

By Chris Moody

- How unions will get a sweetheart deal if the health care overhaul passes — and everyone else the shaft.
- Is it time to put Social Security reform back on the table?
- The mysterious ways of Fannie and Freddie.
- The G.O.P.'s next move on health care: "The challenge for Republicans is not to try to 'do' things just like the Democrats but a little less expensively or with a little less bureaucracy, but to present an agenda of personal and economic liberty as a positive alternative....[Republicans] will have to show that this time they are in favor of something positive. It's called freedom."
- Shattering the conventional wisdom: "Evidence is now flooding in from both America and England that obesity is the epidemic that never was."
- Podcast: "Health Care Reform Do-Over" featuring Michael F. Cannon. 

2009 they found 23 percent libertarians, along with 18 percent liberals, 19 percent populists, and 31 percent conservatives (9 percent were unclassifiable).

In a 2008–2009 panel study, ANES asked [two] questions.... If we define "libertarian" as those who believe that the federal government should have less effect on Americans' lives *and* do less to influence businesses, we get 25 percent of voters—slightly higher than Gallup's 23 percent....

Finally, we commissioned Zogby International to ask our three ANES questions to 1,012 actual (reported) voters in the 2006 election.... We asked half the sample, "Would you describe yourself as fiscally conservative and socially liberal?" We asked the other half of the respondents, "Would you describe yourself as fiscally conservative and socially liberal, also known as libertarian?"

The results surprised us. Fully 59 percent of the respondents said "yes" to the first question. That is, by 59 to 27 percent, poll respondents said they would describe themselves as "fiscally conservative and socially liberal."

The addition of the word "libertarian" clearly made the question more challenging. What surprised us was how small the drop-off was. A healthy 44 percent of respondents answered "yes" to that question, accepting a self-description as "libertarian."

We summed all that up in this handy but not necessarily helpful graph

FISCALLY CONSERVATIVE BLOG FEEDS

## How Many Libertarian Voters Are There? [Cato at Liberty]

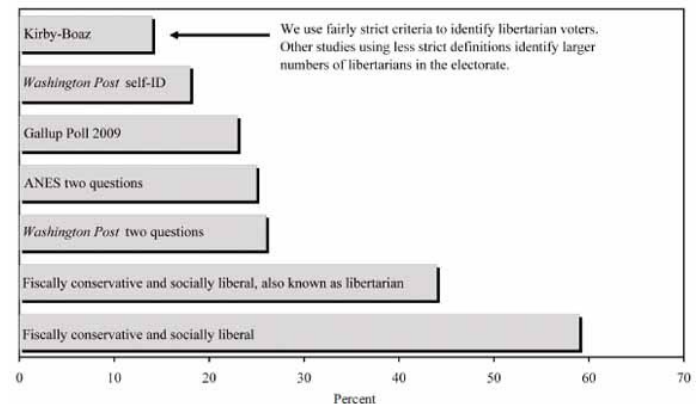
JAN 22, 2010 03:15P.M.

By David Boaz

In our new study David Kirby and I round up various estimates on the number of libertarian-leaning voters. Our own calculation, 14 percent, is actually the lowest estimate. We use three questions on political values from the generally acknowledged gold standard of public opinion data, the surveys of the American National Election Studies, and find that 14 percent of respondents gave libertarian answers to all three questions. But other researchers have used somewhat looser criteria and found larger numbers of libertarians:

For more than a dozen years now, the Gallup poll has been using two broad questions to categorize respondents by ideology about economic and social freedom.... Combining the responses to these two questions, Gallup consistently finds about 20 percent of respondents to be libertarian. In

**Figure 3**  
How Many Libertarians Are There?




FISCALLY CONSERVATIVE BLOG FEEDS

## This Week in Government Failure [Cato at Liberty]

JAN 22, 2010 03:14P.M.

By Tad DeHaven

Over at Downsizing Government, we focused on the following issues this week:

- Complications with the homebuyer tax credit is evidence that the government needs to get out of the social engineering business.
- The Federal Housing Administration's new "stringent" standards aren't stringent enough.
- Federal transportation follies point to the need for privatization.
- The Economic Development Administration still "deserves to die." 

FISCALLY CONSERVATIVE BLOG FEEDS

## Is "Race to the Top" Handwriting on the Wall? [Cato at Liberty "Race to the Top" Handwriting on the Wall?]

JAN 22, 2010 12:47P.M.


By Neal McCluskey

As freedom-minded folks have been celebrating major setbacks for Obama Care, campaign-speech control, and lots of other attacks on liberty, some have been sounding the alarm over the insidious "Race to the Top" contest. A couple of siren blasts I just caught are well worth taking in yourself, one by the Heartland Institute's Robert Holland and the other by Colorado Board of Education member Peggy Littleton. In particular, the writers think they see the handwriting on the wall in the *de facto* requirement that states promise to adopt as-yet-unwritten "common" (read: national) standards to compete for RTTT funds. As Littleton writes:

We already know that the federal government, or at the least consortiums of states, wants to develop assessments to assess the Common Core. The scary progression continues... National Common Core, common assessment, will inevitably lead to a national curriculum.

Is nationalizing — and thereby federalizing — the curriculum the Obama

administration's goal? RTTT sure as heck makes it seem that way, but we should have an even better idea soon: the administration wants Congress to reauthorize the No Child Left Behind Act this year.

And so it may be coming to pass: Perhaps, ironically, because of this week's revolt against Washington, we might be heading for another power grab by Washington. And this time, we shouldn't expect anything close to unanimous Republican help fending it off. 

FISCALLY CONSERVATIVE BLOG FEEDS

## Pottery Barn Rule, Take 27 [Cato at Liberty]

JAN 22, 2010 12:06P.M.

By Christopher Preble

Last week, Iraq's independent electoral commission disqualified 511 candidates — most of them Sunnis — from running in the parliamentary elections scheduled for March. Today's *Washington Post* reports that Vice President Joe Biden is hurrying off to Baghdad to try to convince the Iraqis to change their minds. U.S. troop withdrawals were supposed to accelerate after the elections were held and a new government seated. But the elections have already been postponed at least once, and the administration is worried that the obvious bias against Sunnis could stoke sectarian tensions.

"U.S. officials are in a precarious position," the *Post* story explains:

They are stuck between the government they created and bolstered — a coalition of mostly sect- and ethnic-based coalitions dominated by Shiite Arabs — and politicians who have been branded as loyalists to the dictator deposed during the U.S.-led invasion.

If that weren't difficult enough, Biden doesn't want to appear to be pressuring the Iraqis, and Prime Minister Maliki and his crew don't want to appear to have been pressured. As a senior administration official told the *Post*:

"[N]o one wants to be perceived as defending the rights of Baathists" and no Iraqi decision-maker wants to be the first to publicly declare that the ruling must be reversed.


It is times like these when I am reminded of Colin Powell's infamous Pottery Barn rule. Never mind that he never publicly invoked that precise metaphor. Never mind that Pottery Barn has no rule. The point is that the average person understands the simple premise: you break it, you own it.

But what Powell actually told President George W. Bush in August 2002, if Bob Woodward's reconstruction of the event is to be trusted, is actually

more insightful and telling than the shorthand version. And it is particularly *a propos* with respect to the most-recent election kerfuffle.

“You are going to be the proud owner of 25 million people,” he told the president, “You will own all their hopes, aspirations, problems. You’ll own it all.”

We “own” the Iraqis without wanting to appear to own them. We are responsible for the behavior of the government that we put into power, but without the leverage (or inclination) to compel that government to do as we see fit. And we — all Americans, but especially the troops still stuck in that country — pay the price when they behave in ways harmful to our strategic interests.

As the teenagers might say, “Good luck with that.” 

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FISCALLY CONSERVATIVE BLOG FEEDS

## Ideological Arrogance [Cato at Liberty]

JAN 22, 2010 12:04P.M.

By Roger Pilon

Today Politico Arena asks:

The road ahead for the White House? Are the Clinton and Reagan lessons useful for Obama?


My response:

Are the Clinton and Reagan lessons useful for Obama? Sure — if he paid them any heed. Reagan had a game plan from day one, grounded in reality, and he stuck with it even after the modest but expected electoral set-backs of 1982: Lower taxes, less regulation, and, with those signals, the economy would correct itself, as it did. Clinton was less focused and therefore was able eventually to shift when reality, in the form of the 1994 elections, forced itself upon him: He finally accepted the welfare reform congressional Republicans had crafted, admitted that “the era of big government is over,” and the stability that Reagan had secured after the turbulent Carter years continued.

So far, however, there are few signs that Obama will heed such lessons. He’s perhaps the most ideologically driven president we’ve ever had, but his ideology comes out of the left, which means that it clashes with the real world and with the larger part of the American electorate, once they’ve come to see it in practice. In that respect, in fact, a single example sometimes captures the character of an entire administration. Although there’s no shortage of such examples in this case, the eminent historian James Q. Wilson discusses one such in this morning’s *Wall Street Journal* — the administration’s decision to try confessed 9/11 mastermind Khalid Sheikh Mohammed and his four al-Qaeda

cohorts in a civilian court in downtown Manhattan.

Set aside the profound legal questions that decision has raised — classified evidence, confrontation rights, finding an impartial jury, speedy-trial rights, protecting witnesses and jurors, pre-trial prejudice (Obama: “when he’s convicted and when the death penalty is applied to him”; AG Holder: “failure [to convict] is not an option”), procedural compromises needed to convict spilling over to ordinary trials, to cite just a few — Wilson asks a simple question: Will Washington pay for the terror trials? He starts with the nonmonetary costs, zeroing in on the actual real estate at play in the “inner perimeter” — the government buildings, churches, apartment buildings, public garages: Everyone who wants to get to one of those, he notes, “will face road blocks, car searches, radiation monitors and pedestrian checks,” for the year the trial is expected to last. And the monetary costs, excluding those of the federal government, are estimated to be \$216 million, for a city that has lost over 6,000 officers in recent years due to budget cutbacks. And here’s the kicker: The decision to hold this trial not before a military commission on a secure army base but in crowded downtown Manhattan was made with no consultation with city officials.


The indifference to the practical, to say nothing of the legal and political, problems surrounding this decision bespeaks an arrogance so surpassing that it can be explained only by an ideologically driven vision of the world — an arrogance that in other hands and other centuries has led to human tragedies of incalculable proportions. We’re fortunate in America that we have constitutional checks on such power, as we saw yesterday, when the Court put a halt to congressional incumbents’ efforts to hobble challengers, and on Tuesday, when the people themselves put a halt to machine politics as usual. So will Obama learn? Not likely, but if he doesn’t, we are not without recourse. 

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FISCALLY CONSERVATIVE BLOG FEEDS

## George W. Obama? [The Club for Growth]


JAN 22, 2010 11:07A.M.

(A world-historical figure capable of lowering the oceans and cooling the earth cannot be expected to content himself with school uniforms and midnight basketball.) It seems Obama may actually be much more like George W. Bush than either Reagan or Clinton — defined not by ideological persuasiveness or political flexibility, but by an exasperating conflation of stubbornness with integrity. 

FISCALLY CONSERVATIVE BLOG FEEDS

## Senate Rejects TARP Amendment [The Club for Growth]

JAN 22, 2010 10:22A.M.

Yesterday, the Club key-voted a John Thune amendment that would strip the Treasury Byrd and Hagan did not vote. Bayh (IN) Begich (AK) Bennet, M. (CO) Feingold (WI) Feinstein (CA) Lincoln (AR) Nelson, Ben (NE) Nelson, Bill (FL) Pryor, M. (AR) Tester (MT) Udall, Mark (CO) Webb (VA) Wyden (OR) 

FISCALLY CONSERVATIVE BLOG FEEDS

## EDA's Delusions of Grandeur [Cato at Liberty]

JAN 22, 2010 10:10A.M.

By Tad DeHaven

The U.S. Department of Commerce's \$400 million Economic Development Administration provides grants and loans to state and local governments, nonprofit groups, and businesses in regions that are supposed to be economically distressed. The EDA is a relic of the 1960s belief that the federal government can solve the problems of distressed urban centers. Its legacy is one of wasteful and politicized spending. Former EDA director Orson Swindle called it a "congressional cookie jar," and the legendary anti-pork Democrat Senator William Proxmire argued that it "deserves to die."

But the EDA did not die and its spending is as wasteful as ever. The EDA's current administrator, John Fernandez, recently gave a speech on economic development under the Obama administration:

Over the past decade, we let our infrastructure crumble ... our schools languish ... our small businesses fend for themselves. Instead of building foundations, we chased bubbles.

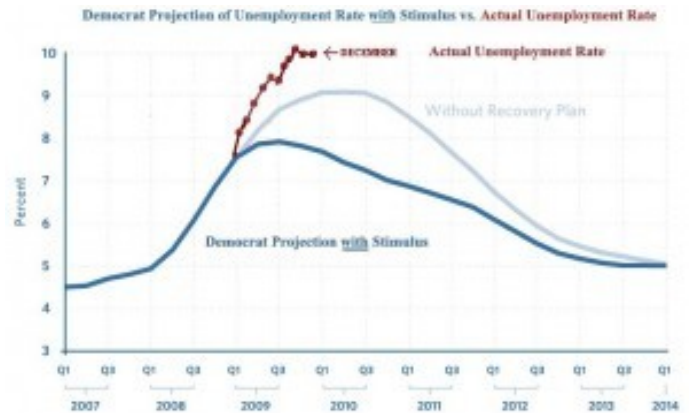
Obama administration officials frequently blame current problems on the previous administration, and to some degree they are right. But it's fallacious to imply that the Bush administration financially short-changed state and local infrastructure, schools, and small businesses — all of which are activities the federal government shouldn't be funding to begin with. As Chris Edwards demonstrates, George W. Bush was the biggest spender since LBJ.

Fernandez continues:

By acting decisively, President Obama and his team pulled us

back from the brink. Independent economists have just confirmed that the Recovery Act has saved or created more than 1.5 million jobs. The jobs picture is still sobering, but the unemployment trend is nowhere near as bad as it was when President Obama took office. One year ago, our economy was shrinking at rate of 6 percent. Today, it's growing at a rate of 3 percent.

Regarding these claims, this graph says it all:



Here's more lofty rhetoric from Fernandez:

As the president points out, we need to do more than get America back on its feet... We need to take big steps: we need to modernize our education system, revitalize our infrastructure, invest in industries of the future, and create a new entrepreneurial culture in which innovation can flourish... For centuries, we've attracted, developed, and nurtured the world's best talent, and given our citizens a chance to build a better life for themselves and their families.

By "we need" Fernandez means the federal government, not the private sector. Yet this country didn't become an economic powerhouse because of the Department of Commerce or any other federal bureaucracy. America's rise to prosperity was fueled by entrepreneurship and the vast investment of private capital initially unhindered by a small and distant federal government. The "big steps" Fernandez wants to take would mean more taxes and debt, which would kill the entrepreneurship and innovation that he lauds.

Fernandez discusses the idea that state and local governments should think of economic development from a regional perspective. Competition for industry and jobs between neighboring jurisdictions should be subordinated to regional economies "planned" by government officials in conjunction with business and civic leaders. He makes a curious statement in this regard:

Our political system rewards mayors, members of Congress, and governors for how much good they did for their constituents in the short term — you don't get credit for

fostering long-term growth. And in recent years, a virtual cottage industry has developed in ranking states on how attractive they are as places to do business: who's got the lowest labor costs, who's got the lightest tax load or regulatory burden, and so on.


He would have a point if he were talking about narrow tax loopholes and government subsidies for companies to locate to a particular state or city. But broad-based reductions in tax and regulatory burdens most certainly foster long-term growth. And inter-jurisdictional competition over tax and regulatory burdens is an important factor promoting government restraint.

Unfortunately, the growing centralization of power at the state level at the expense of local autonomy, and similar unhealthy relationship between the federal government and the states, inhibits this healthy competition.

Although he denies it, it's planning and centralization that Fernandez seems to view as the ideal. State and local officials should be "collaborating" on regional economic development because the real competition is foreigners. And who better to deal with foreigners than Uncle Sam?

[F]or the past decade, federal support for these regional efforts has been too limited. Too fragmented. Too inconsistent. The federal government has not been a reliable partner... What Washington can do — and under President Obama, what Washington has begun to do — is to facilitate collaboration. To provide a framework for that discussion among all the stakeholders. To help regions assess their competitive strengths. To help them design a strategy to bring together the technology, the human capital, and the financial capital it will take to compete. And to provide seed money for turning a region's unique strategy into reality.

According to Fernandez, this is "where the Economic Development Administration comes in." On cue, he proceeds to provide a litany of all the wonderful things his agency is doing. None of it is worth quoting, as it's the same warmed-over subsidy ideas we've been hearing from federal officials for decades. The fact is the EDA is a \$400 million economic development program in a \$14 trillion economy. Even though that's \$400 million taxpayer dollars too many, it nonetheless amounts to a pothole on the nation's economic superhighway.

See this essay for more on why the Economic Development Administration should be abolished. 

FISCALLY CONSERVATIVE BLOG FEEDS

## Bank Bashing Isn't the Answer [Larry Kudlow's Money Politic\$]

JAN 22, 2010 09:11A.M.

Taxing and bashing banks is no way to run an economic recovery plan. Sure, banks made mistakes. And I still believe that no bank bonuses should be paid while the banks were under TARP. But they have paid TARP down. Right now we need the banks to service customers and expand loans when economic recovery moves into the credit-demand, loan-demand phase.


President Obama wants to restrict the size and activities of our biggest banks. He wants them to get out of the hedge-fund business and private equity, with no trading for their own account. Plus, he wants a tougher cap on bank-deposit market share. The only problem here is that hedge funds and proprietary trading were not the big problems in the financial meltdown. Bad loans were. This, of course, includes mortgage loans, commercial real-estate loans, credit-card loans, etc. That was the biggest problem.

The real bad apples? Lehman, Bear Stearns, AIG, Fannie Mae, Freddie Mac, and Merrill. But the big banks like JPMorgan bought the bad apples, and in the process helped save the system. And if the big banks are forced to sell off their trading securities, it may very well create another financial bloodbath.

Regarding taxpayer-insured deposits, there is a firewall that prevents them from being used for risky trading purposes. So strengthen the firewall, but don't destroy the banks. Don't threaten to dismantle them or break them up. Don't tax them to death either. We need them for recovery.

This whole story smells to me like mistaken left-wing populism, a flawed attempt to respond to the rising tea-party revolt and voter outrage against big-government spending, taxing, and overreach. Bashing banks is not the answer. Smaller government and lower taxes across-the-board is. Let's not disrupt the economy; let's try and heal it.

Let's put in better capital requirements. Let's put limits on leveraged borrowing. And, most of all, let's get rid of the too-big-to-fail doctrine. That is probably the root cause of all of these problems.

Left-wing populist bank bashing is not an economic recovery plan. It isn't even a political recovery plan. Truth be told, with Obama policy currently in complete disarray, nobody can possibly tell what the administration's next move is going to be. And frankly, that is a big-time contributor to this week's stock market plunge. 

FISCALLY CONSERVATIVE BLOG FEEDS

## Debating the Libertarian Vote [Cato at Liberty]

JAN 22, 2010 08:36A.M.

By David Boaz

They're having a lively time with our study "The Libertarian Vote in the Age of Obama" over at the Corner. Ramesh Ponnuru says our results show that "libertarians moved in nearly perfect opposition to the public at large, which was swinging toward the Republicans from 2000 through 2004 and against them from then through 2008." Guess he didn't buy our argument that "Libertarians seem to be a lead indicator of trends in centrist, independent-minded voters," and they're currently leading independents in a flight from the Obama agenda.

Jonah Goldberg says there aren't many consistent libertarians, and they don't vote as a bloc, or swing. Veronique de Rugy kindly posted a response by me:

Jonah says consistent libertarians are rare. Sure. So are consistent conservatives who would affirm every tenet of the Sharon Statement, or an updated Ten Principles of Conservatism for today, complete with policy specifics. What we are saying, and what I think no one has actually countered, is that there are some millions of voters — maybe our 14 percent, maybe Gallup's 23 percent, maybe even Zogby's 44/59 percent — who don't line up either red or blue. They don't buy the whole package from Rush or Keith, McCain or Obama, NR or TNR. They have real libertarian tendencies on both economic and personal issues.

Does that mean they want to abolish public education and legalize drugs? Of course not. But they do oppose both health care "reform" and restrictions on abortion, or they like both lower taxes and gay marriage or civil unions. According to the 2004 exit polls, 28 million Bush voters supported either marriage or civil unions. And neither party typically offers that program. Which means that some of those people — like eight Seattle entrepreneurs who visited Cato today — are uncomfortable with both parties and don't vote consistently for either.

Jonah says, "most of the talk about 'libertarians' switching sides has been exactly that, talk." Maybe he should *read the study*, or at least read Table 2 on page 8. A group of people who are identifiably outside the red/blue boxes did swing toward the Democrats in 2004 and 2006, and then swung back against Obama.


Veronique's post also linked to Ilya Somin at the Volokh Conspiracy, who makes similar points in rather more scholarly language. For more debate, Katherine Mangu-Ward's report on the study drew more than

100 comments at [reason.com](http://reason.com). 

FISCALLY CONSERVATIVE BLOG FEEDS

## Senate Rejects TARP Amendment [The Club for Growth]

JAN 22, 2010 08:34A.M.

Yesterday, the Club key-voted a John Thune amendment that would strip the Treasury Byrd and Hagan did not vote. Bayh (IN) Begich (AK) Bennet, M. (CO) Feingold (WI) Feinstein (CA) Lincoln (AR) Nelson, Ben (NE) Nelson, Bill (FL) Pryor, M. (AR) Tester (MT) Udall, Mark (CO) Webb (VA) Wyden (OR) 

FISCALLY CONSERVATIVE BLOG FEEDS

## Citizens United and Corporate Money in Politics [Cato at Liberty]

JAN 22, 2010 08:31A.M.

By Timothy B. Lee

As several of my colleagues noted yesterday, the Supreme Court handed down its landmark decision in *Citizens United v. FEC*. While I regarded the decision as a victory for free speech, a large number of folks on the left — many of whom support free speech in other contexts — were aghast at the decision, arguing that it would vastly enhance the influence of large corporations in the political process.

Part of my disagreement with these guys is that I'm just a free speech zealot. The First Amendment says "Congress shall make no law ... abridging the freedom of speech," and I don't see how that language can be squared with a statute that limits the distribution of a political documentary. The best you can say, I think, is that limiting corporate influence is a "compelling state interest" sufficient to overcome the First Amendment's ban on speech abridgment, but that's just another way of saying that you don't care about free speech very much.

Second, I think it's important to remember that "corporations" encompass much more than large, for-profit businesses. They also include a wide variety of non-profit and advocacy groups, including the ACLU, the NRA, and NARAL, that are, by any reasonable definition, grassroots organizations advocating the views of large numbers of voters. Indeed, as the ACLU pointed out in its amicus brief, the Bipartisan Campaign Reform Act (BCRA) prohibited the ACLU from running ads

criticizing members of Congress who voted for the awful FISA Amendments Act of 2008. Even if you think it's appropriate for Congress to regulate the speech of Exxon-Mobil and Pfizer, I think it's awfully hard to square the First Amendment with a law that limits the ability of NARAL or the NRA to advocate for its members' views.

But more fundamentally, I don't buy the idea that limiting corruption is a state interest sufficiently compelling to overcome the First Amendment interest in free speech. I think supporters of BCRA misunderstand how corporations wield influence and dramatically overestimate the power of television advertisements. It's true, of course, that a corporation prepared to spend \$1 million on ads criticizing a particular legislator will get that legislator's attention. But there's nothing unique about this. It can also get his attention by hiring a lobbying firm that employs a former staffer. It can get his attention by arranging \$100,000 in bundled contributions from executives, clients, and friends of the company. It can get his attention by creating astroturf organizations. And there are probably lots of other mechanisms I haven't thought of.

The key difference between independent expenditures and the other mechanisms is that independent expenditures are the most open and transparent. To run an effective "issue ad," a corporation has to make an argument that is persuasive to voters. I don't want to sugar coat the situation; sometimes independent expenditures finance ads that are sleazy and misleading. But given a choice between corporations spending their money on ads about how Senator Smith hates America or spending their money on K Street, I'll take the ads, because at least voters still get the final decision.

Moreover, I think we're moving toward a world in which traditional high-dollar advertising campaigns will become increasingly ineffective. One smart liberal compares the post-*Citizens United* world to a debate in which "you get 10 seconds to make your case. I'll take an hour." This description of the world had a certain plausibility when most people got their news from newspapers and television — media characterized by severe, technologically imposed bottlenecks. These bottlenecks meant that those willing to spend more money could get a significantly bigger soapbox.

This is a lot less true online where users have practically unlimited choices. The web is littered with lavishly funded corporate propaganda that gets a fraction of the traffic of grassroots blogs like Boing Boing. When people have lots of choices, they aren't likely to stick around very long at a site that dishes up corporate talking points. So while deep pockets will always be an asset in politics, they won't give 21st century corporations the huge advantages they gave to 20th century corporations.

So I'm not thrilled at the idea of Fortune 500 companies spending a ton of money on bogus "issue ads." But I think the dangers of such ads are frequently exaggerated. I'm far more worried about preserving the right of organizations like the ACLU to spread their message. And I don't see any plausible way to stop the former without seriously restricting the latter. So I'm glad to see the Supreme Court take the words of the First

Amendment — "Congress shall make no law" — literally. 

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