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Today's Tabbloid

PERSONAL NEWS FOR craig.kirchoff+fisccon@gmail.com

FISCALLY CONSERVATIVE BLOG FEEDS

Obama floats a VAT: Admission explains attempt to alter tax pledge [Americans for Tax Reform]

APR 21, 2010 08:07P.M.


[PDF Version] President Obama made it official today : He is open to the imposition of a Value-Added Tax (VAT) on the American people. A VAT would violate Obama's central campaign... 

FISCALLY CONSERVATIVE BLOG FEEDS

Wednesday Links [Cato at Liberty]

APR 21, 2010 05:11P.M.

By Chris Moody

- Who are these centrist, independent-minded voters some say will be crucial in the 2010 elections? They're not conservative. Many of them may be libertarian — fiscally conservative but socially liberal or tolerant. For more on this group, read about the libertarian vote in the age of Obama.
- Clear and simple: It is unconstitutional for the federal government to force people to buy a private product.
- Prepare for a new era of crony capitalism.
- A job killer: How Sen. Dodd's financial reform will hurt Main Street.
- Podcast: "Ending (or Entrenching) Bailouts" featuring Mark A. Calabria 

FISCALLY CONSERVATIVE BLOG FEEDS

Nostalgia Used to Be Better [Cato at Liberty]

APR 21, 2010 04:02P.M.

By David Boaz

Julian Simon often wrote about the persistence of the belief that life was better in the past or that things are steadily getting worse. It takes many forms: people used to be more polite, the media used to be more literate, life is more dangerous today, we're running out of natural resources. Simon pointed out in many books and articles that, at least since the industrial revolution, life on earth is in fact getting longer, healthier, more comfortable, and less dangerous. Or, as the title of one of his books put it, *It's Getting Better All the Time*.

He was mostly right. But in a review of a new collection of H. L. Mencken's writings, I found an exception: Nostalgia itself, the longing for a lost golden age, was at least more eloquent when Mencken was writing it back in the 1920s. Jonathan Yardley of the *Washington Post* quotes these eulogies for old Baltimore:

Mencken was born in Baltimore in 1880 and lived almost his entire life in the house on Hollins Street where he grew up. "The Baltimore of the 80's had a flavor that has long since vanished," he wrote in a 1925 *Evening Sun* piece reprinted here. "The town is at least twice as big now as it was then, and twice as showy and glittering, but it is certainly not twice as pleasant, nor, indeed, half as pleasant. The more the boomers pump it up, the more it comes to resemble such dreadful places as Buffalo and Cleveland."...

Mencken believed, as he wrote in 1930, that the great fire of 1904 was what killed the old Baltimore that he knew so intimately and loved so deeply: "The new Baltimore that emerged from the ashes was simply a virtuoso piece of Babbitts. It put in all the modern improvements, especially the bad ones. It acquired civic consciousness. Its cobs climbed out of the alleys behind the old gin-mills and began harassing decent people on the main streets."...

"I am glad I was born long enough ago to remember, now, the days when the town had genuine color, and life here was worth living. I remember Guy's Hotel. I remember the Concordia Opera House. I remember the old Courthouse. Better still, I remember Mike Sheehan's old saloon on Light

street — then a mediaeval and lovely alley; now a horror borrowed from the boom towns of the Middle West. Was there ever a better saloon in this world? Don't argue: I refuse to listen! The decay of Baltimore, I believe, may be very accurately measured by the distance separating Mike's incomparable bar from the soda-fountains which now pollute the neighborhood — above all, by the distance separating its noble customers (with their gold watch-chains and their elegant boiled shirts) from the poor fish who now lap up Coca-Cola.”

Man, you just don't get nostalgia like that any more! 

FISCALLY CONSERVATIVE BLOG FEEDS

SEC vs. Goldman Sachs: Legislation by Demonization [Cato at Liberty]

APR 21, 2010 03:46P.M.

By Alan Reynolds



The Obama administration thinks it has discovered the perfect formula to cram legislation through in a hurry: Demonize some prominent firm within an industry you plan to redesign, and then pass a law that has nothing to do with the accusation against the demonized firm. They did this with health insurance and now they're trying it with finance.

With health insurance, the demon was Anthem Blue Cross Blue Shield of California, which Obama accused of raising premiums by “anywhere from 35 to 39 percent.” Why didn't some curious reporter interview a single person who actually paid 39% more, or quote from a letter announcing such an increase? Because it didn't happen. Insurance premiums are regulated by the states, and California wouldn't approve such a boost. Yet the media's uncritical outrage over that 39% rumor

helped to enact an intrusive, redistributive health bill that has nothing to do with health insurance premiums (which remain regulated by the states).

Today, the new demon *de jour* is Goldman Sachs, a handy scapegoat to promote hasty financial rejiggering schemes The SEC's suspiciously-timed civil suit against Goldman looks as flimsy as the last month's health insurance story. It also looks unlikely to win in court.

As *Washington Post* columnist Sebastian Mallaby explains, “This is a non-scandal. The securities in question, so-called synthetic collateralized debt obligations, cannot exist unless somebody is betting that they will lose value.” In such a zero-sum contest, big investors who went long knew perfectly well that other investors had to be taking the other side of the bet. Goldman lost \$90 billion by betting this CDO would go up; John Paulson went short.

Columnists have moralized about the unfairness of the short investor (Paulson) negotiating the terms of this deal with a long investor, ACA Management, which had the last word. This too, notes Mallaby, “is another non-scandal. An investor who wants to bet against a bundle of mortgages is entitled to suggest what should go into the bundle. The buyer is equally entitled to make counter-suggestions. As the SEC's complaint states clearly, the lead buyer in this deal, a boutique called ACA that specialized in mortgage securities, did precisely that.”

Like the earlier fuming about Anthem California, this new SEC publicity stunt is likewise irrelevant to the pending legislation. Congress hopes to get standardized derivatives traded on an exchange. But synthetic collateralized debt obligations dealing with a customized bundle of securities could not possibly be traded on an exchange, and would therefore be untouched by reform.

Losses sustained by a few financial speculators on one exotic derivative had nothing to do with starting a global recession in December 2007 or the related financial crisis of September 2008. The core of the latter crisis was mortgage-backed securities per se, yet Goldman was only the 12th largest private MBS issuer in 2007. Fannie Mae and Freddie Mac were and are the biggest risk; any reform that excludes them is a fraud.


The SEC's dubious civil suit against Goldman is a wasteful diversion at best. It has nothing to do with the Obama administration's suicidal impulse to impose more tough regulations and taxes on banks to encourage them to lend more.

[Cross-posted at *NRO's The Corner*] 

FISCALLY CONSERVATIVE BLOG FEEDS

Do As I Say, Not As I Do: Democrats Are Invested in Wall Street [Americans for Tax Reform]


APR 21, 2010 03:32P.M.

The Finance Reform legislation proposed by Senator Chris Dodd (D – CT) has Democrats wagging their fingers at Republicans who have shamelessly aligned themselves with big business over the years... 

FISCALLY CONSERVATIVE BLOG FEEDS

Campaign Finance Bill Attracts One GOP Supporter...and it's not McCain [The Club for Growth]

APR 21, 2010 02:28P.M.

The Democrats are set to introduce their anti-1st Amendment campaign finance bill later this week, and so far they s currently ranked 181st. 

FISCALLY CONSERVATIVE BLOG FEEDS

It's Not the Crime, It's the Cover-Up [Cato at Liberty]

APR 21, 2010 02:02P.M.

By Jim Harper


Secrecy breeds suspicion, and little in the intellectual property area has garnered more suspicion than ACTA, the Anti-Counterfeiting Trade Agreement.

ACTA is a multilateral trade agreement that has been under negotiation since 2007. But the negotiations haven't been public, and access to key documents has only been provided to people willing to sign a non-disclosure agreement.

It is inconsistent with the U.S. public's expectations to have government officials negotiate public policies without providing public access to the deliberations and the documents. There are some limitations and exceptions to this principle. Generic diplomatic relations

probably develop best in an environment where candor can prevail. Issues related to national security may require secret negotiations. But intellectual property issues affect all Americans' communications, commerce, entertainment, expression, access to knowledge, medical care, privacy, and more.


The good news is that a text of the current draft agreement has now been released. According to James Love of Knowledge Ecology International, ACTA "goes way beyond counterfeiting and copyright piracy, into several categories of intellectual property rights, including patents, semi conductor chip designs, pharmaceutical test data and other topics."

Public debate on ACTA can now begin, but it begins with doubts surrounding it, doubts that were sown by the non-public process in which ACTA has developed so far. 

FISCALLY CONSERVATIVE BLOG FEEDS

Why is Texas Doing Better Than the Other States? [The Club for Growth]

APR 21, 2010 12:39P.M.

Daniel Gross at Slate wonders why Texas is so economically better than the rest of the nation. The answer - energy deregulation and free trade. 

FISCALLY CONSERVATIVE BLOG FEEDS

The Case Against Goldman Sachs [Larry Kudlow's Money Politic\$]

APR 21, 2010 12:37P.M.



I'd like to weigh in on this whole SEC securities-fraud action against Goldman Sachs. The feds have, of course, alleged that Goldman made materially misleading statements and omissions in connection with a synthetic collateralized debt obligation (CDO) that was structured by

Goldman and marketed to investors.

This is all very complicated. And I know some very smart people lining up on one side saying the SEC's fraud action is weak. And I know some equally smart people on the other side saying this is an extremely serious matter that will be followed by numerous other SEC fraud charges against other Wall Street underwriters.

Look, I'm not a lawyer. I don't know how this lawsuit will eventually play out. But let me make a couple of simple, straightforward, points that may help inform regarding the question of hedge fund manager John Paulson's involvement in the securities selection for the Abacus CDO, and whether this is a material fact that Goldman should have disclosed to investors.

Here's a very important timeline of the securities-selection process that was made by ACA management, the portfolio selector. This is from the actual SEC complaint:

ACA/PAULSON PORTFOLIO

January 9, 2007

Goldman sends email to ACA, titled "Paulson Portfolio," containing list of 123 RMBS selected by Paulson for the Abacus 2007-AC1 reference portfolio

January 22, 2007

ACA sends email to Fabrice Tourre & others at Goldman containing list of 86 RMBS, including 55 of the 123 selected by Paulson; 68 were rejected. This is very important. Goldman maintains that ACA was in fact the portfolio selector. ACA rejected 68 of Paulson's recommendations. They accepted 55.

February 2, 2007

After meetings with Paulson & Tourre, ACA emails Paulson, Tourre & others at Goldman a list of 82 RMBS on which Paulson & ACA concurred, plus 21 others. So at this point, they are in agreement on 82, but they insert 21 others.

February 5, 2007

Paulson sends email to ACA & Tourre deleting 8 of the RMBS recommended by ACA and leaves the rest alone.

February 26, 2007

After further discussion, Paulson & ACA agree on a reference portfolio of 90 RMBS for Abacus 2007-AC1.

Now, what I gather from all of this is that ACA management was most definitely the portfolio selector. There's no question about it. This is Goldman's single biggest defense in not mentioning hedge fund manager John Paulson's name.

However, I'm looking at this and I'm thinking, with all these negotiations, all of this back-and-forth, that it's quite clear that John Paulson played a pivotal role in the portfolio-selection process. That

seems undeniable. So that raises the key question of whether Goldman Sachs' decision not to disclose Paulson's involvement was a correct judgment, or whether it was a material omission. It just seems to me that Goldman Sachs should have named Paulson in the offering circular for the CDO. They didn't. Is it because they didn't want investors to understand that this was a bear-market, short-the-bond CDO?

Second point: Some highly placed, senior Wall Street sources who have been deeply engaged in structured mortgage-based CDOs tell me that this CDO in question was weak and appeared designed to unravel quickly. They go on to say, in general terms, that this CDO constructed by Goldman Sachs lacked sufficient cash; its covenants were weak; and it afforded less investor protection than usual in order to provide higher yields. This troubles me enormously.

Creating something that's designed to fail? Well, you know what? If it's not illegal, it certainly appears unethical. So I must blame Goldman for this. Why sell it to customers if it's going to fail? Why go there in the first place? What kind of brokerage service is this?

Now, there's nothing wrong with creating a neutral security that will attract buyers and sellers. That's called free-market capitalism. And the buyers and sellers do not have to know who the buyers and sellers are. But if, in fact, these Goldman CDOs were designed to fail, then there's something seriously wrong with this system and it must be changed.

Whether Goldman lied about Paulson's \$200 million equity stake is another difficult issue. If they lied, then it's a material misrepresentation and the SEC is dead right. But there are different opinions about this.

One final thought: Wouldn't it be wonderful if Washington could somehow solve these issues without totally demonizing, demoralizing, and even destroying America's great global banks? We need these banks for full-fledged economic recovery. We also need them for America's full-fledged leadership in the global financial system and world economy. In other words, can we please figure out a way not to throw out the baby with the bathwater?

This is way too important a time for our recovering economy and financial system. Our future is at stake. 

FISCALLY CONSERVATIVE BLOG FEEDS

Where Are the Polls? [The Club for Growth]

APR 21, 2010 11:37A.M.

According to their FEC Because they might not want the public to see how badly they are performing? 

FISCALLY CONSERVATIVE BLOG FEEDS


This Is Sparta! [Cato at Liberty]

APR 21, 2010 11:14A.M.

By Andrew J. Coulson




...Sparta, New Jersey that is. Like their fellow citizens in 54 percent of school districts across the state, the people of Sparta rejected their local district's proposed budget yesterday. That's the highest rate of school budget rejections since 1976, according to the *New Jersey Star Ledger*. Why? Taxpayers are tired of the relentlessly increasing per-pupil cost of public schooling at a time when their own household budgets are under pressure. It helped that popular new governor Chris Christie recommended that voters reject their districts' budgets unless the teachers unions agreed to a one year salary freeze. [HT: Instapundit]

If this keeps up, voters might just decide to dump the government monopoly approach to schooling in favor of an education system that offers families far more choices while dramatically reducing costs. 

FISCALLY CONSERVATIVE BLOG FEEDS

The Race for Cash [The Club for Growth]

APR 21, 2010 11:09A.M.

From CQ a \$52.6 million advantage. But Republicans are closing in on that margin. 

FISCALLY CONSERVATIVE BLOG FEEDS

19 U.S. States Sold \$1 Billion or More in China in 2009 [Cato at Liberty]

APR 21, 2010 10:22A.M.


By Daniel Griswold

The U.S.-China Business Council has performed a valuable public service by marshalling state-by-state figures on exports to China. In its annual survey, released this morning, the USCBC documents that 19 states exported \$1 billion or more in 2009 to China, which is now the third largest market for U.S. exports.

In a statement accompanying the report, the USCBC noted that exports to China declined only slightly in 2009, compared to a 20 percent plunge in exports to the rest of the world. Top U.S. exports to China last year were computers and electronics, agricultural products, chemicals, and transportation equipment.

The USCBC figures tend to undercut complaints that China's currency policies have stymied U.S. exports to that country. In fact, as I argued in an op-ed in the *Los Angeles Times* last week, since 2005, U.S. exports to China have been growing three times faster than our exports to the rest of the world.


There is agreement across the spectrum that the Chinese government should continue to move toward a more flexible, market-priced currency. But the export numbers do not give any support to the critics who want to threaten sanctions against China. In fact, as I concluded in my op-ed:

If the Obama administration hopes to double U.S. exports in the next five years, as the president announced in his State of the Union address, it should praise China for its growing appetite for U.S. goods and services, not threaten it with trade sanctions. Any company hoping to double its sales in the next five years would be foolish to pick a needless fight with one of its best customers. 

FISCALLY CONSERVATIVE BLOG FEEDS

Rep. Oberstar Announces Massive Government Expansion [Americans for Tax Reform]


APR 21, 2010 10:08A.M.

(Cross posted from the Property Rights Alliance website) Today, April 21, Representative James Oberstar (D – MN), Chairman of the House Transportation and Infrastructure Committee, introduced &... 

FISCALLY CONSERVATIVE BLOG FEEDS

Illinois Would Gain \$2.612 Billion From Offshore Drilling [Americans for Tax Reform]

APR 21, 2010 09:17A.M.

With Illinois facing a predicted \$14.3 billion shortfall and 11.4 percent unemployment, Americans for Tax Reform continues to urge President Obama, Congress, and state elected officials to look ... 

FISCALLY CONSERVATIVE BLOG FEEDS

Obama's Fannie and Freddie Amnesia [Cato at Liberty]

APR 21, 2010 08:51A.M.

By Tad DeHaven

Peter Wallison calls attention to President Obama's amnesia regarding events that precipitated Fannie Mae and Freddie Mac's collapse. Writing in the *Wall Street Journal*, Wallison points out that in 2005 then-Senator Obama joined with his Democratic colleagues in stopping legislation that would have helped rein in the government-sponsored housing duo's risky behavior:

The bill would have established a new regulator for Fannie and Freddie and given it authority to ensure that they maintained adequate capital, properly managed their interest rate risk, had adequate liquidity and reserves, and controlled their asset and investment portfolio growth.

These authorities were necessary to control the GSEs' risk-taking, but opposition by Fannie and Freddie—then the most

politically powerful firms in the country—had consistently prevented reform.

The date of the Senate Banking Committee's action is important. It was in 2005 that the GSEs—which had been acquiring increasing numbers of subprime and Alt-A loans for many years in order to meet their HUD-imposed affordable housing requirements—accelerated the purchases that led to their 2008 insolvency. If legislation along the lines of the Senate committee's bill had been enacted in that year, many if not all the losses that Fannie and Freddie have suffered, and will suffer in the future, might have been avoided.


The president's complicity in the housing collapse hasn't stopped him from pinning the blame on Republicans, "special interests," and Wall Street "fat cats." As he does with other problems, the president blames everyone except himself and his party.

As I recounted in a Cato Policy Analysis, Fannie and Freddie epitomized the tawdry relationship between businesses that receive special federal breaks and policymakers. Democrats, including Obama's chief of staff Rahm Emanuel, played a key role in facilitating Fannie and Freddie's destructive activities. Emanuel, a then recent senior adviser to President Clinton, was appointed by Clinton to Freddie Mac's board of directors, where he earned \$320,000 in compensation and sold company stock worth more than \$100,000.

Then there's the current Office of Management and Budget director, Peter Orszag. In 2002, Fannie Mae commissioned a paper authored by Nobel Laureate Joseph Stiglitz, Jonathan Orszag, and Peter Orszag, who was then at the Brookings Institution. The study concluded that "the probability of default by the GSEs is extremely small." Oops.

Given the company Obama keeps, it's not surprising that the administration still hasn't come up for a plan on what to do with Fannie and Freddie.

The administration has intentionally not incorporated Fannie and Freddie into the federal budget in order to hide the cost to taxpayers. And on Christmas Eve the administration quietly announced that the government would cover all of Fannie and Freddie's losses beyond the original \$400 billion limit through 2012. The Congressional Budget Office estimates that the final cost to taxpayers for bailing out Fannie and Freddie will approach that figure, although Wallison calls that projection "optimistic."

See this essay for more on the problems the federal government causes in the housing market. 

FISCALLY CONSERVATIVE BLOG FEEDS

Don't Give Up on the American People...at Least not Yet [Cato at Liberty...at Least not Yet]

APR 21, 2010 08:48A.M.

By Daniel J. Mitchell

Gloominess and despair are not uncommon traits among supporters of limited government — and with good reason. Government has grown rapidly in recent years and it is expected to get much bigger in the future. To make matters worse, it seems that the deck is stacked against reforms to restrain government. One problem is that 47 percent of Americans are exempt from paying income taxes, which presumably means they no longer have any incentive to resist big government. Mark Steyn recently wrote a very depressing column for *National Review Online* about this phenomenon, noting that, “By 2012, America could be holding the first federal election in which a majority of the population will be able to vote themselves more government lollipops paid for by the ever shrinking minority of the population still dumb enough to be net contributors to the federal treasury.” Walter Williams, meanwhile, has a new column speculating on whether this cripple the battle for freedom:

According to the Tax Policy Center, a Washington, D.C., research organization, nearly half of U.S. households will pay no federal income taxes for 2009...because their incomes are too low or they have higher income but credits, deductions and exemptions that relieve them of tax liability. This lack of income tax liability stands in stark contrast to the top 10 percent of earners, those households earning an average of \$366,400 in 2006, who paid about 73 percent of federal income taxes. ...Let's not dwell on the fairness of such an arrangement for financing the activities of the federal government. Instead, let's ask what kind of incentives and results such an arrangement produces and ask ourselves whether these results are good for our country. ...Having 121 million Americans completely outside the federal income tax system, it's like throwing chum to political sharks. These Americans become a natural spending constituency for big-spending politicians. After all, if you have no income tax liability, how much do you care about deficits, how much Congress spends and the level of taxation?

Steyn and Williams are right to worry, but the situation is not as grim as it seems for the simple reason that a good portion of the American people know the difference between right and wrong. Consider some of the recent polling data from Rasmussen, which found that “Sixty-six percent (66%) believe that America is overtaxed. Only 25% disagree. Lower income voters are more likely than others to believe the nation is overtaxed” and “75% of voters nationwide say the average American should pay no more than 20% of their income in taxes.” These numbers contradict the hypothesis that 47 percent of Americans (those that don't

pay income tax) are automatic supporters of class-warfare policy.

So why are the supposed free-riders not signing on to the Obama-Reid-Pelosi agenda? There are probably several reasons, including the fact that many Americans believe in upward mobility, so even if their incomes currently are too low to pay income tax, they aspire to earn more in the future and don't want higher tax rates on the rich to serve as a barrier. I'm not a polling expert, but I also suspect there's a moral component to these numbers. There's no way to prove this assertion, but I am quite sure that the vast majority of hard-working Americans with modest incomes would never even contemplate breaking into a rich neighbor's house and stealing the family jewelry. So it is perfectly logical that they wouldn't support using the IRS as a middleman to do the same thing.

A few final tax observations:

The hostility to taxation also represents opposition to big government (at least in theory). Rasmussen also recently found that, “Just 23% of U.S. voters say they prefer a more active government with more services and higher taxes over one with fewer services and lower taxes. ...Two-thirds (66%) of voters prefer a government with fewer services and lower taxes.”


There is a giant divide between the political elite and ordinary Americans. Rasmussen's polling revealed that, “Eighty-one percent (81%) of Mainstream American voters believe the nation is overtaxed, while 74% of those in the Political Class disagree.”

Voters do not want a value-added tax or any other form of national sales tax. They are not against the idea as a theoretical concept, but they wisely recognize the politicians are greedy and untrustworthy. Rasmussen found that “just 26% of all voters think that it is even somewhat likely the government would cut income taxes after implementing a sales tax. Sixty-six percent (66%) believe it's unlikely to happen.”

Fiscal restraint is a necessary precondition for any pro-growth tax reform. If given a choice between a flat tax, national sales tax, value-added tax, or the current system, many Americans want reform, but it is very difficult to have a good tax system if the burden of government spending is rising. Likewise, it would be very easy to have a good tax system if we had a federal government that was limited to the duties outlined in Article I, Section VIII, of the Constitution.

Republicans should never acquiesce to higher taxes. All these good numbers and optimistic findings are dependent on voters facing a clear choice between higher taxes and bigger government vs lower taxes and limited government. If Republicans inside the beltway get seduced into a “budget summit” where taxes are “on the table,” that creates a very unhealthy dynamic where voters instinctively try to protect themselves by supporting taxes on somebody else — and the so-called rich are the easiest target.

Last but not least, I can't resist pointing out that I am part of a debate for U.S. News & World Report on the flat tax vs. the current system. For

those of you who have an opinion on this matter, don't hesitate to cast a vote. 

FISCALLY CONSERVATIVE BLOG FEEDS

How Much Government Snooping? Google It Up! [Cato at Liberty]

APR 21, 2010 08:44A.M.

By Julian Sanchez

The secrecy surrounding government surveillance is a constant source of frustration to privacy activists and scholars: It's hard to have a serious discussion about policy when it's like pulling teeth to get the most elementary statistics about the scope of state information gathering, let alone any more detailed information. Even when reporting is statutorily required, government agencies tend to drag their heels making statistics available to Congress — and it can take even longer to make the information more widely accessible. Phone and Internet companies, even when they join the fight against excessive demands for information, are typically just as reluctant to talk publicly about just how much of their customers' information they're required to disclose. That's why I'm so pleased at the news that Google has launched their Government Requests transparency tool. It shows a global map on which users can see how many governmental demands for user information or content removal have been made to Google's ever-growing empire of sites — now including Blogger, YouTube, and Gmail — starting with the last six months.

So far, the information up there is both somewhat limited and lacking context. For instance, it might seem odd that Brazil tops the list of governmental information hounds until you bear in mind that Google's Orkut social network, while little-used by Americans, is the Brazilian equivalent of Facebook.

There are also huge gaps in the data: The United States comes in second with 3,580 requests from law enforcement at all levels, but that doesn't include intelligence requests, so National Security Letters (tens of thousands of which are issued every year) and FISA warrants or "metadata" orders (which dwarf ordinary federal wiretaps in number) aren't part of the tally. And since China considers all such government information requests to be state secrets — whether for criminal or intelligence investigations — no data from the People's Republic is included.

Neither is there any detail about the requests they have counted — how many are demands for basic subscriber information, how many for communications metadata, and how many for actual e-mail or chat contents. The data on censorship is similarly limited: They're counting governmental but not civil requests, such as takedown notices under the

Digital Millennium Copyright Act.

For all those limits — and the company will be striving to provide some more detail, within the limits of the law — this is a great step toward bringing vital transparency to the shadowy world of government surveillance, and some nourishment to the data-starved wretches who seek to study it. We cannot have a meaningful conversation about whether censorship or invasion of privacy in the name of security have gone too far if we do not know, at a minimum, *what the government is doing*. So, for a bit of perspective, we know that U.S. courts reported a combined total of 1,793 (criminal, not intel) wiretaps sought by both federal and state authorities. Almost none of these (less than 1 percent) were for electronic interception.

This may sound surprising, unless you keep in mind that federal law establishes a very high standard for the "live" interception of communications over a wire, but makes it substantially easier — under some circumstances rather terrifyingly easy — to get stored communications records. So there's very little reason for police to jump through all the hoops imposed on wiretap orders when they want to read a target's e-mails.

If and when Google were to break down that information about requests — to show how many were "full content" as opposed to metadata requests — we would begin to have a far more accurate picture of the true scope of governmental spying. Should other major players like Yahoo and Facebook be inspired to follow Google's admirable lead here, it would be better still. Already, though, that one data point from a single company — showing more than twice as many data requests as the total number of phone wiretaps reported for the entire country — suggests that there is vastly more actual surveillance going on than one might infer from official wiretap numbers. 