

4 March 2010

Today's Tabbloid

PERSONAL NEWS FOR lgm@limitedgovernmentnetwork.com

FISCALLY CONSERVATIVE BLOG FEEDS

A Government Man [Cato at Liberty]

MAR 03, 2010 04:16P.M.

By Roger Pilon


This afternoon Politico Arena asks:

Will the president's health care remarks today sway enough votes to pass ObamaCare through "reconciliation"?

My response:

Who knows? What they show beyond all doubt, however, is the mind-set of the president and the bill's proponents. Consider just a few of his opening words: "Everything there is to say about health care has been said and just about everyone has said it. So now is the time to make a decision about how to finally reform health care so that it works, not just for the insurance companies, but for America's families and businesses."

Notice first the insinuation that health care works today for the insurance companies, but not for the rest of us. Obama has to have his foil, this man with no experience in the private sector and little understanding of how that sector works. But notice, more importantly, that we need "to finally reform health care so that it works" — the implication being that this is a collective undertaking, the only question being how to do it. "We're all in this together." In the private sector, if we can't reach an agreement about some proposed undertaking, we walk away. That seems inconceivable to Obama. He's a government man: conceiving public solutions to private problems is what his life is all about.

I suppose you could say that government is so enmeshed in health care today that there are only public solutions to the problems government is largely responsible for having created — starting with the favorable tax treatment employer-provided health care affords. But the direction of reform needn't be toward even greater government. It might be toward less government, as with health savings accounts. But that approach has been rejected from the start by Obama and his Democratic supporters. They move in only one direction. 

FISCALLY CONSERVATIVE BLOG FEEDS

Six Reasons to Downsize the Federal Government [Cato at Liberty]

MAR 03, 2010 02:34P.M.

By Chris Edwards



- 1. Additional federal spending transfers resources from the more productive private sector to the less productive public sector of the economy.** The bulk of federal spending goes toward subsidies and benefit payments, which generally do not enhance economic productivity. With lower productivity, average American incomes will fall.
- 2. As federal spending rises, it creates pressure to raise taxes now and in the future.** Higher taxes reduce incentives for productive activities such as working, saving, investing, and starting businesses. Higher taxes also increase incentives to engage in unproductive activities such as tax avoidance.
- 3. Much federal spending is wasteful and many federal programs are mismanaged.** Cost overruns, fraud and abuse, and other bureaucratic failures are endemic in many agencies. It's true that failures also occur in the private sector, but they are weeded out by competition, bankruptcy, and other market forces. We need to similarly weed out government failures.
- 4. Federal programs often benefit special interest groups while**

harming the broader interests of the general public. How is that possible in a democracy? The answer is that logrolling or horse-trading in Congress allows programs to be enacted even though they are only favored by minorities of legislators and voters. One solution is to impose a legal or constitutional cap on the overall federal budget to force politicians to make spending trade-offs.

5. Many federal programs cause active damage to society, in addition to the damage caused by the higher taxes needed to fund them. Programs usually distort markets and they sometimes cause social and environmental damage. Some examples are housing subsidies that helped to cause the financial crises, welfare programs that have created dependency, and farm subsidies that have harmed the environment.

6. The expansion of the federal government in recent decades runs counter to the American tradition of federalism. Federal functions should be “few and defined” in James Madison’s words, with most government activities left to the states. The explosion in federal aid to the states since the 1960s has strangled diversity and innovation in state governments because aid has been accompanied by a mass of one-size-fits-all regulations.

For more, see DownsizingGovernment.org.

<http://bit.ly/dywLTh> 

FISCALLY CONSERVATIVE BLOG FEEDS

Lessons from the Greek Budget Debacle [Cato at Liberty]

MAR 03, 2010 01:53P.M.

By Daniel J. Mitchell



Fiscal crises have a predictable pattern.

Step 1 occurs when the economy is prospering and tax revenues are growing faster than forecast.

Step 2 is when politicians use the additional money to increase government spending.

Step 3 is that politicians do not treat the extra tax revenue like a temporary windfall and budget accordingly. Instead, they adopt policies – more entitlements, more bureaucrats – that permanently expand the burden of the public sector.

Step 4 occurs when the economy stumbles (in part because more resources are being diverted from the productive sector to the government) and tax revenues stagnate. If the resulting fiscal gap is large enough, as it is in places such as Greece and California, a crisis atmosphere is created.

Step 5 takes place when politicians solemnly proclaim that “tough measures” are necessary, but very rarely does that mean a reversal of the policies that caused the mess. Instead, the result in higher taxes.

Greece is now at this stage. I’ve already argued that perhaps bankruptcy is the best option for Greece, and I showed the data proving that Greece has a too-much-spending crisis rather than a too-little-revenue crisis. I’ve also commented elsewhere about the feckless behavior of Greek politicians. Sadly, it looks like things are getting even worse. The government has announced a huge increase in the value-added tax, pushing this European version of a national sales tax up to 21 percent. On the spending side of the ledger, though, the government is only proposing to reduce bonuses that are automatically given to bureaucrats three times per year. Here’s an excerpt from the Associated Press report, including a typically hysterical responses from a Greek interest group:

Government officials said the measures would include cuts in civil servant’s annual pay through reducing their Easter, Christmas and vacation bonuses by 30 percent each, and a 2 percentage point increase in sales tax to bring it to 21 percent from the current 19 percent. ...One government official, speaking on condition of anonymity ahead of the official announcement, said...that “we have exhausted our limits.” ...“It is a very difficult day for us ... These cuts will take us to the brink,” said Panayiotis Vavouyious, the head of the retired civil servants’ association.

Now, time for some predictions. It is unlikely that higher taxes and cosmetic spending restraint will solve Greece’s fiscal problem. Strong global growth would make a difference, but that also seems doubtful. So Greece will probably move to Step 6, which is a bailout, though it is unclear whether the money will come from other European nations, the European Commission, and/or the European Central Bank.

Step 7 is when politicians in nations such as Spain and Italy decide that financing spending (i.e., buying votes) with money from German and Dutch taxpayers is a swell idea, so they continue their profligate fiscal policies in order to become eligible for bailouts. Step 8 is when there is

no more bailout money in Europe and the IMF (i.e., American taxpayers) ride to the rescue. Step 9 occurs when the United States faces a fiscal crisis because of too much spending.

For Step 10, read *Atlas Shrugged*. 

FISCALLY CONSERVATIVE BLOG FEEDS

Marriage, Private and Public [Cato at Liberty]

MAR 03, 2010 01:36P.M.

By Jason Kuznicki

Wouldn't it be great if we could just get the state out of the marriage business? Perhaps. Marriage is fundamentally private, after all. It's a matter for families, churches, and couples to decide for themselves.

Yet state recognition of marriage often acts to keep the government out of private life, to ensure family stability, and to give regular, orderly rules for all those times when, despite our best efforts, family and state still collide. Here are just a few of the things that the civil side of marriage does:


- If you're happily married and you have children, you don't have to worry for a moment about child custody law. Your children are yours to raise jointly, whether they are biological or adoptive.
- If you're married and you die without a will, your spouse typically gets at least a share of your estate. You don't have to do anything special for this to happen. It's automatic, and I think this probably strikes most people as fair.
- If you're married, you don't need to do anything special to be able to make medical decisions for an incapacitated spouse. It's presumed that you are competent to do this.
- You can sponsor your foreign spouse for U.S. citizenship.
- You can sue for wrongful death of a spouse.
- You can collect a spouse's Social Security benefits.
- You can often keep joint personal finances without worrying that your spouse will bankrupt you.

Depending on where you live, some of these protections can be won outside of marriage, if you're willing to go to a lawyer and spend a few hundred bucks. Others, like the last four, can't be had without either a marriage or a blood relationship.

State recognition of marriage protects families, often from the state

itself. If the state got *out* of the marriage business, the state would be a lot more *in* all of our private lives, judging, inspecting, regulating, forbidding, taxing, redistributing, and all the rest. Much of the state part of marriage is really a protection against the state.

All of this is a lead-up to saying congratulations to the same-sex couples who will now be able to marry in Washington, DC. Perhaps even more than other types of marriages, same-sex marriages need these protections. (Some, like sponsoring an immigrant or collecting Social Security, may have to wait for federal law to catch up.)

On the whole, same-sex marriage means that gays' and lesbians' private lives can stay private. It gives them a protection against the government, which has too often been used against them. It means that gays and lesbians can be treated the same as any other group of citizens. And it means that their basic right to be left alone is finally being honored. 

FISCALLY CONSERVATIVE BLOG FEEDS

Club for Growth Launches TV Ad in Utah Senate Race [The Club for Growth]


MAR 03, 2010 12:26P.M.

WASHINGTON S COMMITTEE. 202-955-5500. 

FISCALLY CONSERVATIVE BLOG FEEDS

The New Spending Limit Amendment [The Club for Growth]


MAR 03, 2010 12:01P.M.

Taxpayer rockstars Mike Pence and Jeb Hensarling are ready to take a big knife to the national debt. And here is the first of 5 segments of an interview they did with C-SPAN: 

FISCALLY CONSERVATIVE BLOG FEEDS

It's Official: Democrats to Use Nuclear Option [The Club for Growth]

MAR 03, 2010 11:21A.M.

From the POLITICO: Sen. Tom Harkin told POLITICO that Senate Democratic leaders have decided to go the reconciliation route. The House, he said, will first pass the Senate bill after Senate leaders demonstrate to House leaders that they have the votes to pass reconciliation in the Senate. Harkin made the comments after a meeting in Senate Majority Leader Harry Reid's office including Harkin and Sens. Baucus, Dodd, Durbin, Schumer and Murray. 

FISCALLY CONSERVATIVE BLOG FEEDS

Before Administering the Lethal Injection, Dr. Obama Offers to Sterilize the Needle [Cato at Liberty]

MAR 03, 2010 11:04A.M.

By Michael F. Cannon

In a letter to congressional leaders, President Obama wrote of his openness to including Republican proposals in his health care legislation.

Dropping a few Republican ideas into a government takeover of health care is like sterilizing the needle before a lethal injection: a nice thought, but the ultimate outcome is the same.

- Two of the four Republican ideas – federal grants to states that adopt medical malpractice liability reforms, and ratcheting upward Medicare's physician-price controls – would increase government spending.
- The president's health savings accounts (HSAs) proposal would merely loosen the noose around consumer-directed health plans.
- Undercover investigations in Medicare and Medicaid are likely to be as unsuccessful as past efforts to combat fraud.

This is not bipartisanship. President Obama is creating the illusion of bipartisanship while taking the most partisan route possible: forcing his legislation through Congress via reconciliation.

(Cross-posted at *National Journal's* Health Care Arena.) 

FISCALLY CONSERVATIVE BLOG FEEDS

EXCLUSIVE ... SCOTT BROWN ON KUDLOW & COMPANY TONIGHT [Larry Kudlow's Money Politic\$]

MAR 03, 2010 08:01A.M.



Scott Brown, newly elected Massachusetts Republican Senator, will join me for an exclusive interview discussing his first major tax-cutting policy proposal tonight.

7pm ET on CNBC.

GOP Congressmen Mike Pence & Jeb Hensarling will also be aboard to discuss ObamaCare and reconciliation, despite a clear majority of opposition from Americans. 