

22 January 2010

# Today's Tabbloid

PERSONAL NEWS FOR [craig.kirchoff+webnews@gmail.com](mailto:craig.kirchoff+webnews@gmail.com)

FISCALLY CONSERVATIVE BLOG FEEDS

## Secretary Clinton on Free Speech [Cato at Liberty]

JAN 21, 2010 09:38P.M.

By Jim Harper

Secretary of State Hillary Clinton gave a major speech on Internet freedom today. The text has been posted on the State Department web site, and Adam Thierer has a review of it up on the TechLiberationFront blog.

As a signal to other governments, it was a good speech. It placed the United States government on the side of freedom movements around the world and extolled how technology empowers them.

From a domestic perspective, it was nothing special. References to the liberating power of the Internet were carefully caveated with cautions about online dangers that could justify government intrusion on the Internet. Secretary Clinton was particularly equivocal about online anonymity.

The irony, of course, was provided by the breaking news of the day: the Supreme Court's decision in *Citizens United*, discussed by my colleagues here, here, and here, as well as in this podcast. The case dealt with speech critical of Secretary Clinton produced by a corporation during her candidacy for the presidency. It reversed precedents allowing a ban on corporate and union speech about political candidates.

The Court said in *Citizens United*:

Speech is an essential mechanism of democracy, for it is the means to hold officials accountable to the people. The right of citizens to inquire, to hear, to speak, and to use information to reach consensus is a precondition to enlightened self-government and a necessary means to protect it.

The fact that speech issues from people organized as corporations or unions makes no difference.

In her speech, Secretary Clinton echoed similar themes. "Countries that censor news and information must recognize that from an economic standpoint, there is no distinction between censoring political speech and commercial speech." Perhaps she was trying to distinguish between economic consequences of speech and other consequences, but later she said:

[C]ensorship should not be in any way accepted by any company from anywhere. And in America, American companies need to make a principled stand. This needs to be part of our national brand. I'm confident that consumers worldwide will reward companies that follow those principles.

The *Citizens United* case is the product of a company taking such a stand, though not in the way Secretary Clinton meant it.

Later in the day, the White House issued the following statement about the *Citizens United* free speech case:

With its ruling today, the Supreme Court has given a green light to a new stampede of special interest money in our politics. It is a major victory for big oil, Wall Street banks, health insurance companies and the other powerful interests that marshal their power every day in Washington to drown out the voices of everyday Americans. This ruling gives the special interests and their lobbyists even more power in Washington—while undermining the influence of average Americans who make small contributions to support their preferred candidates. That's why I am instructing my Administration to get to work immediately with Congress on this issue. We are going to talk with bipartisan Congressional leaders to develop a forceful response to this decision. The public interest requires nothing less.

So much for free speech. 

FISCALLY CONSERVATIVE BLOG FEEDS


## Pinocchio Rove Strikes Again [Cato at Liberty]

JAN 21, 2010 09:36P.M.

By Daniel J. Mitchell

George Bush ranks as one of America's most fiscally irresponsible presidents. He increased overall spending from \$1.8 trillion to \$3.5 trillion and most of that new spending was used to create or expand domestic programs (no-bureaucrat-left-behind education spending, pork-filled highway bills, sleazy Wall Street bailouts, corrupt farm spending, new Medicare entitlements, etc.) that are not legitimate functions of the federal government. So it is galling to see his former senior adviser writing columns complaining about Barack Obama being a big spender. Many of the criticisms about the Obama Administration in his latest WSJ column are correct, to be sure, but Karl Rove has zero moral authority to make those arguments. Moreover, Rove once again engages in sloppy or dishonest (you choose) analysis by blaming Obama for some of Bush's mistakes. In the excerpt below, he blames Obama for any of the Fiscal Year 2009 debt that was incurred after January 20 of last year. But as I've already explained, 96 percent of the spending in FY2009 is the result of Bush's policies:

Consider that from Jan. 20, 2001, to Jan. 20, 2009, the debt held by the public grew \$3 trillion under Mr. Bush—to \$6.3 trillion from \$3.3 trillion at a time when the national economy grew as well. By comparison, from the day Mr. Obama took office last year to the end of the current fiscal year, according to the Office of Management and Budget, the debt held by the public will grow by \$3.3 trillion. In 20 months, Mr. Obama will add as much debt as Mr. Bush ran up in eight years. ...Mr. Bush's deficits ran an average of 3.2% of GDP, slightly above the post World War II average of 2.7%. Mr. Obama's plan calls for deficits that will average 4.2% over the next decade. Team Obama has been on history's biggest spending spree, which has included a \$787 billion stimulus, a \$30 billion expansion of a child health-care program, and a \$410 billion federal spending bill that increased nondefense discretionary spending 10% for the last half of fiscal year 2009. Mr. Obama also hiked nondefense discretionary spending another 12% for fiscal year 2010.

Correction: In an earlier post on one of Rove's columns, I incorrectly claimed that Bush never vetoed a bill because it spent too much. That was wrong. He did veto a handful of bills once Democrats took control of Congress. 

FISCALLY CONSERVATIVE BLOG FEEDS


## Trouble in Massachusetts [Cato at Liberty]

JAN 21, 2010 04:52P.M.

By Chris Moody

Yesterday, Cato released a new study, "The Massachusetts Health Plan: Much Pain, Little Gain," which showed that official estimates overstate the gains in health insurance coverage resulting from a 2006 Massachusetts law by at least 45 percent. The study also finds: supporters understate the law's cost by nearly 60 percent; government programs are crowding out private insurance; self-reported health improved for some but fell for others; and young adults are responding to the law by avoiding Massachusetts.

Given that the Massachusetts health plan bears a "remarkable resemblance" to the Obama plan, the study should serve as a warning sign to members of Congress, says Michael Cannon, director of health policy studies.

The study has received coverage in *Investor's Business Daily*, *The Wall Street Journal*, *The Washington Post*, *Detroit News*, *The Washington Times*, the Reason Foundation and the Pioneer Institute. 

FISCALLY CONSERVATIVE BLOG FEEDS

## Was Bill Clinton Also an "Extremist" on Trade? [Cato at Liberty "Extremist" on Trade?]

JAN 21, 2010 04:23P.M.

By Daniel Griswold

This has not been a good week for the national Democratic Party. Along with losing the Massachusetts Senate seat, the party took another step toward making hostility to trade liberalization a plank of party orthodoxy.

As my Cato colleague Sallie James flagged earlier today, the Democratic Congressional Campaign Committee issued a press release yesterday criticizing a Republican candidate in upstate New York for contributing to the Cato Institute. And, of course, everyone knows that Cato is "a right wing extremist group that has long been a vocal advocate for extremist, unfair trade policies that would allow companies to ship American jobs overseas."


Among our sins, in the eyes of the DCCC, is that Cato research has supported tariff-reducing trade agreements, such as the North American

Free Trade Agreement (NAFTA). Our work has also advocated unilateral trade liberalization—getting rid of self-damaging U.S. trade barriers regardless of what other countries do—which violates the conventional Washington wisdom that we can't lower our own barriers without demanding “reciprocity” and “a level playing field” from other nations

There is nothing extreme about our work on trade. It fits comfortably within mainstream economics expounded not only by Adam Smith and Milton Friedman but by such liberals as Paul Samuelson and Larry Summers.

In fact, for decades, the Democratic Party embraced lower barriers to trade:

- In the 1930s and '40s, President Franklin Roosevelt and his Nobel-Peace-Prize-winning Secretary of State Cordell Hull lead the United States away from the disastrous protectionism of President Hoover and a Republican Congress.
- Democratic Presidents Kennedy, Johnson, and Carter all supported successful agreements in the General Agreement on Tariffs and Trade to reduce trade barriers at home and abroad.
- Bill Clinton, the only Democrat to be re-elected president since FDR, persuaded a Democratic Congress to enact NAFTA in 1993 and the Uruguay Round Agreements Act in 1994, which created the World Trade Organization. Clinton also championed permanent normal trade relations with China in 2000, which ushered that nation into the WTO.
- In the previous Congress, scores of House Democrats co-sponsored “The Affordable Footwear Act,” which would have unilaterally lowered tariffs on imported shoes popular with low-income Americans. Liberal Democrat Earl Blumenauer of Oregon visited the Cato Institute in July 2008 to speak in favor of the bill. (Will he be the next target of a DCCC press release for cavorting with “extremists”?) In the current Congress, a similar bill in the Senate is currently co-sponsored by such prominent Democrats as Dick Durban (Ill.), Chuck Schumer (N.Y.), and Mary Landrieu (La.).


To learn more about why Democrats (and Republicans) should support free trade, I highly recommend two books: *Mad about Trade: Why Main Street America Should Embrace Globalization*, by yours truly; and *Freedom From Want: Liberalism and the Global Economy*, by Edward Gresser, a trade expert with the Democratic Leadership Council. 

FISCALLY CONSERVATIVE BLOG FEEDS

## Thursday Links [Cato at Liberty]

JAN 21, 2010 04:01P.M.


By Chris Moody

- The back story behind the *Citizens United* free speech case. (Or if you don't have time to read about it, this short video clip explains it all.)
- RomneyCare: Obama's OTHER Massachusetts problem.
- Tim Geithner's lifelong love of bailouts.
- How substantial and meaningful change can be brought to Haiti.
- Podcast: “Supreme Court Affirms First Amendment” featuring John Samples. 

FISCALLY CONSERVATIVE BLOG FEEDS

## Now is the Time for a BRAC-Style Commission for Government Spending [Americans for Tax Reform]

JAN 21, 2010 03:52P.M.

As the U.S. Senate is looking to cast a vote on the Conrad/Gregg bipartisan tax and spending “reform” commission which, as written, will lead to a guaranteed tax increase, an alternative t... 

FISCALLY CONSERVATIVE BLOG FEEDS

## Democracy Will Survive Citizens United [Cato at Liberty]

JAN 21, 2010 03:40P.M.

By Roger Pilon

At Politico Arena, today's focus is on the Court and campaign finance.

My comment:

The ink is barely dry on today's *Citizens United* opinion, and the hysteria has already begun. Set aside the misunderstandings we're seeing in some of the comments here at the Arena — corporations still cannot, for example, contribute directly to campaigns — even some of those who understand the law and this decision would have us believe that the world as we know it is coming to an end. Thus, the inimitable Rick Hasen, whose knowledge of these issues is second to none, tells us that "today's Supreme Court opinion marks a very bad day for American democracy." And attorneys at NYU's Brennan Center, which made its reputation promoting campaign finance "reform," head up their post with this: "After the Flood: How to Save Democracy Post *Citizens United*." One imagines the Dark Ages just beyond the gloaming.

Over on the Hill, meanwhile, Senator Russ Feingold, who's having a bad day in what must for him be a bad week, promises darkly, "In the coming weeks, I will work with my colleagues to pass legislation restoring as many of the critical restraints on corporate control of our elections as possible."

Relax. Half of our states, states like Virginia, have minimal campaign finance laws, and there's no more corruption in those states than in states that strictly regulate. And that's because the *real* reason we have this campaign finance law is not, and never has been, to prevent corruption. The dirty little secret — the real impetus for this law — is incumbency protection. How else to explain the so-called Millionaire's Amendment, which the Court struck down in 2008. That little gem in the McCain-Feingold "reform" package exempted candidates (read: incumbents) from the law's strictures if they were running against a self-financed "millionaire," who could not be prohibited from spending his own money campaigning. Thus, the nominal rationale for the incomprehensible edifice we call "campaign finance law" — to prohibit corruption — suddenly disappeared if you were running against a millionaire. Well, the Court, fortunately, saw right through that. And a majority on the Court saw the light in today's decision, too. The First Amendment is not a "loophole." It's the very foundation of our

democracy, and we are the stronger today for this decision. 

FISCALLY CONSERVATIVE BLOG FEEDS

## Are Republicans Listening to the Scott Brown Message? [Larry Kudlow's Money Politic\$]

JAN 21, 2010 03:11P.M.



Sen. Scott Brown's epic victory in Massachusetts on Tuesday night dealt a crushing blow to Obamacare, cap-and-trade, card check (and other union favors), and most importantly, all the tax hikes that are lingering on the table. But does Washington really understand the Scott Brown message?

President Obama thinks his "remoteness and detachment" are the problems. This is nonsense. Obama's tax hikes and spending explosion are what caused the populist tea-party revolt that was punctuated by Scott Brown's extraordinary victory.

And that leads to the next question. Are the Republicans listening? Do they really understand why Scott Brown was victorious? If they do, why aren't members of the Republican leadership loudly campaigning for an end to tax hikes, just like Scott Brown?

The cornucopia of tax hikes currently on the table includes higher levies on capital-gains, top earners, dividends, investment (via the payroll tax), carbon, millionaires, banks, stock transactions, and estates (via the death tax). It's a long Democratic wish list of anti-growth policies, and Scott Brown's triumph should signal the end of it. But it won't happen unless GOP congressional leaders make a bid deal about it.

For example, some Blue Dog Democrats want to extend the Bush tax cuts, rather than letting them expire next year. Republican leaders should be making a big deal about this. They need to get it front and center, making expiration a condition to any new legislation.

Remember that Brown ran on a JFK/Ronald Reagan platform of across-the-board tax cuts to promote economic growth. Take a look at what the senator-elect had to say during his victory speech Tuesday night:

***This [health care] bill is not being debated openly and fairly. It will raise taxes, it will hurt Medicare, it will destroy jobs and run our nation deeper into debt . . . I will work in the Senate to put the government back on the side of people who create jobs and the millions of people who need jobs. And remember, as President John F. Kennedy stated, that starts with across-the-board tax cuts for businesses and families to create jobs, put more money in people's pockets, and stimulate the economy. It's that simple.***

There you have it. Scott Brown could not have been any clearer. That's the great thing about his message — its breathtaking clarity. Across-the-board tax cuts and a revival of free-market capitalism on the supply-side.

And recall that when President Obama mocked Scott Brown for driving a pickup truck, Brown quickly responded that unfortunately, in this economy, not everyone can buy a pickup. "My goal is to change that," he said on the eve of the election, "by cutting spending, lowering taxes, and letting people keep more of their own money." Right on message.

And during that campaign, Brown argued that health-care reform is a tax hike and that cap-and-trade is a tax hike. This should become the Republican message, too. It's about taxes, as well as spending.

A recent Washington Post poll showed that by 58 to 38 percent, voters want smaller government and fewer government services. This, too, should be the Republican congressional message.

It is, in fact, an economic-growth message, the likes of which we haven't heard since Jack Kemp promoted it in the late 1970s. And the brilliance of Scott Brown was to use the JFK tax cuts — an across-the-board reduction in marginal tax rates — to attract Democrats and independents to his message.

An across-the-board tax cut is the fairest pro-growth message of them all. Lower tax rates for everybody. Get out of the box of rich people and class warfare. For the Ted Kennedy Democrats, that box has been a loser for decades. But for timid Republicans always on the defensive, now is the time to break out and adopt the Scott Brown theme.

This is what Reagan did. This is why the Gipper touted JFK's across-the-board tax cuts. Republicans must now be bold and fight for across-the-board tax relief, for families, individuals, and businesses, along with smaller government, fewer services, and across-the-board spending cuts.

While Team Obama is fighting for more government employment, with trillions of dollars of spending, it is time for Republicans to fight for private free-enterprise employment by letting folks keep more of what they earn and by providing new incentives for the extra hour worked and the extra investment dollar put at risk.

This is where the GOP must go. Republicans should not let another day pass without unleashing a fusillade of new tax-cutting proposals to get America moving again. 

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FISCALLY CONSERVATIVE BLOG FEEDS

## The Empire Strikes Back [Cato at Liberty]


JAN 21, 2010 01:27P.M.

By John Samples

The *Citizens United* decision is barely out, and incumbent members of Congress are vowing to restore restrictions on political speech.

Sen. Russell Feingold (D-WI) said: "In the coming weeks, I will work with my colleagues to pass legislation restoring as many of the critical restraints on corporate control of our elections as possible."

In the House of Representatives, Robert Brady, Chairman of the House Administration Committee — the panel responsible for campaign finance regulations — sent out an email that said: "I will be working directly with my colleagues, the Leadership and the White House to study the Court's decision and to put together a timeline for legislative action that ensures the Court's decision will not define the ways elections are conducted in 2010."


It is difficult to see how Feingold, Brady and other members of Congress will be able to get around the clear and certain language of the *Citizens United* decision. But they will try. Nothing worries members more than free and critical speech, especially when the upcoming election already looks really bad for incumbents. 

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FISCALLY CONSERVATIVE BLOG FEEDS

## Key Vote Alert - Debt Limit Increase and TARP Amendment [The Club for Growth]

JAN 21, 2010 12:17P.M.

**KEY VOTE ALERT** The Thune Amendment would restrain this unconstitutional practice and retire the debt permanently. Both proposals would severely hamstring the big spenders in Washington and would help protect taxpayers from the reckless behavior that has led to our record level budget deficits. 

FISCALLY CONSERVATIVE BLOG FEEDS

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

JAN 21, 2010 11:41A.M.



**This evening at 7pm ET:**

### **OBAMA ROCKS WALL ST.**

CNBC chief Washington correspondent John Harwood reports from the White House on the Obama administration's new rules and restrictions for Wall Street's big banks.

**Also...**Sen. Richard Shelby (R-AL; Banking Cmte Ranking Member) will join us live from Washington.

### **WHAT WAS GLASS-STEAGALL?**

CNBC senior economics reporter Steve Liesman will be aboard.

### **IS THIS AN ATTACK ON THE BANKS?**

\*David Stockman, Fmr. OMB Dir. Under Pres. Reagan

\*Steve Liesman, CNBC senior economics reporter

\*Vincent Reinhart, American Enterprise Institute Resident Scholar; Fmr Dir. of the Federal Reserve Board's Division of Monetary Affairs

CNBC's Brian Shactman reports from the NYSE on the selloff in bank stocks.

### **WHAT HAS OBAMA LEARNED FROM TUESDAY?**

A look at the Scott Brown revolution & tea party tax revolt

\*Rep. Jeb Hensarling (R-TX) (Budget & Financial Services Cmtes)

\*Robert Reich, Fmr. Labor Secretary; Author, "Supercapitalism"; Univ. of CA., Berkeley

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

FISCALLY CONSERVATIVE BLOG FEEDS

## Club for Growth PAC Urges Mike Pence to Run for Senate [The Club for Growth]

JAN 21, 2010 11:02A.M.

WASHINGTON S COMMITTEE. 202-955-5500. 

FISCALLY CONSERVATIVE BLOG FEEDS

## Machine Gun Nests in the War on Terror [Cato at Liberty]

JAN 21, 2010 10:30A.M.

By Jim Harper

Terrorism is a strategy of the weak. Without power of their own, terrorists seek to goad states into overreactions that bestow favors on their otherwise inconsequential movements and ideologies.

When a state goes to war, for example, this wastes its own blood and treasure, driving the costs of its own policies higher and weakening its own military and economy. Overreaction drives support to terrorism when innocents or perceived innocents are harmed or killed by overreacting states. And overreaction tends to energize and promote terrorism worldwide by confirming the narrative that incumbent powers are evil—the portrayal of the United States as an occupier of Muslim lands and exploiter of Muslim people is an example.

With the logic of terrorism in hand, the appropriate responses come into focus. Constant pressure on terror groups worldwide; cool, phlegmatic response to terrorist attacks; constant study of terror groups, their relationships, plans, and methods; counter-rhetoric exposing the venality and bloodiness of terror groups themselves; exploitation of

fissures among the many different groups that have been drawn to the “al Qaeda” brand; and so on.

Unfortunately, many people focused intently on prosecuting the war on terror have yet to digest the nature of the challenge or orient their responses accordingly. Presuming a large, united terrorist front with substantial technical and logistical capabilities, they urge the reactions that would be appropriate for an invading state. They deride as dangerous the tailored responses dictated by sound counterterrorism strategy.

Unfortunately, they are counseling overreaction to this enemy, which is far less lethal than a state, if harder to locate and extinguish. The guns of terror warriors are the wrong caliber, and they're pointed the wrong direction.

Daniel Popeo writes today in the *Washington Examiner* that legal activism aids terrorists. It doesn't. It shows that the United States is not frightened, and is not thrown off its game, by attacks and attempts like that of December 25th. Indomitability, not ferocity, will be the hallmark of our counterterrorism success.

Review our recent forum on counterterrorism here, and our counterterrorism conference of a year ago here. 

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#### FISCALLY CONSERVATIVE BLOG FEEDS

## Supreme Court Ruling on Hillary Movie Heralds Freer Speech for All of Us [Cato at Liberty]

JAN 21, 2010 10:29A.M.

By Ilya Shapiro

Today the Supreme Court struck a major blow for free speech by correctly holding that government cannot try to “level the political playing field” by banning corporations from making independent campaign expenditures on films, books, or even campaign signs.

As Justice Kennedy said in announcing the opinion, “if the First Amendment has any force, it prohibits jailing citizens for engaging in political speech.”

While the Court has long upheld campaign finance regulations as a way to prevent corruption in elections, it has also repeated that equalizing speech is never a valid government interest.

After all, to make campaign spending equal, the government would have to prevent some people or groups from spending less than they wished.

That is directly contrary to protecting speech from government restraint, which is ultimately the heart of American conceptions about the freedom of speech.

No case demonstrates this idea better than *Citizens United*, where a nonprofit corporation made no donations to candidates but rather spent money to spread its ideas about Hillary Clinton independent of the campaigns of primary opponent Barack Obama, potential general election opponent John McCain, or any other candidates. Where is the “corruption” if the campaign(s) being supported have no knowledge, let alone control over what independent actors do? — be they one person, two people, or a large group?

Today's ruling may well lead to more corporate and union election spending, but none of this money will go directly to candidates — so there is no possible corruption or even “appearance of corruption.” It will go instead to spreading information about candidates and issues. Such increases in spending should be welcome because studies have shown that more spending — more political communication — leads to better-informed voters.

In short, the *Citizens United* decision has strengthened both the First Amendment and American democracy.

For more background on the case, here's a primer: 

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#### FISCALLY CONSERVATIVE BLOG FEEDS

## Reading Reality [Cato at Liberty]

JAN 21, 2010 10:25A.M.

By Roger Pilon


Today, Politico Arena asks:

“Do they get it?”

My response:

Do the Democrats get it? A good many of them, like so much of the mainstream media, have long taken their cue from *The New York Times* editorial page. This morning the Great Gray Lady sallies forth, ideological blinders in place, to pronounce that, “To our minds, [Tuesday's result] is not remotely a verdict on Mr. Obama's presidency, nor does it amount to a national referendum on health care reform.” Not remotely? Those Democratic office-holders who continue to slip from that purblind well will soon have plenty of time to do so.

But Republican performance in recent years has hardly inspired. To their credit, however, Republicans tend to subscribe to principles about government that are closer to the nation's founding principles — if only

they would abide by them. And so one hopes that, after Tuesday, they will come better to “get it.” 

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FISCALLY CONSERVATIVE BLOG FEEDS

## Does This Mean I'm On a Watch-List? [Cato at Liberty]

JAN 21, 2010 10:18A.M.

By Sallie James

From the DCCC comes this little beauty:

While making today's announcement that he will once again run for Congress in New York's 24th district, [Candidate for New York's 24th Congressional District Richard] Hanna also launched a new campaign website where he shamelessly touts his ties to the CATO [*sic*] Institute, a **right wing extremist group** that has long been a vocal advocate for extremist, unfair trade policies that would allow companies to ship American jobs overseas [emphasis mine].

The fact that Hanna is touting his leadership role in a group that prides its commitment to unfair trade policies that send American jobs overseas is downright shameful,” said Shripal Shah, Northeast Regional Press Secretary at the Democratic Congressional Campaign Committee.

To clarify, the press release quotes Hanna's campaign website, which makes clear that Hanna is “a sustaining member of the CATO Institute, having traveled to Russia as part of an international study group.” That means he gives Cato between \$500 and \$999 per year and went on a Cato-organized trip to Russia.

The DCCC's release goes on:

**The CATO Institute is a right wing extremist group that has long advocated for unfair trade policies regardless of their impact on American jobs.**

[emphasis theirs] CATO has been one of the leading advocates for unfair trade deals and believes that increases in unemployment should not prevent enacting new trade deals. The CATO Policy Handbook specifically says Congress should “avoid using trade deficits and concerns about employment levels as excuses for imposing trade restrictions” as it calls for the US to move away from “reciprocity” and “level playing fields.” [CATO Policy Handbook, 6th ed, Chapter 64.

Should I thank them for linking to our handbook?

On a personal note, I am due to renew my visa in March. Can anyone advise me on whether this characterization of Cato's Center for Trade

Policy Studies will jeopardize its renewal?

HT: Jonathan Blanks

**Update:** for a broader look at the inanity of the DCCC's characterization of Cato as a “right-wing extremist” group, see this excellent blog post by Cato Media Fellow Radley Balko. 

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FISCALLY CONSERVATIVE BLOG FEEDS

## The Libertarian Vote in the Age of Obama [Cato at Liberty]

JAN 21, 2010 10:06A.M.

By David Boaz


Scott Brown's victory in Massachusetts seems to reflect some of the trends David Kirby and I note in our new study, “The Libertarian Vote in the Age of Obama,” released today. We wrote, “Libertarians seem to be a lead indicator of trends in centrist, independent-minded voters. If libertarians continue to lead the independents away from Obama, Democrats will lose 2010 midterm elections they would otherwise win.” That seems to have happened in Virginia, New Jersey, and now Massachusetts. Young voters, whom we examine in the study, also seem to have moved sharply in Massachusetts from heavy support for Obama in 2008 to slightly less strong support for Brown this week.

Using our strict screen based on American National Election Studies data, we find that 14 percent of voters were libertarian in 2008. Other analysts using broader criteria find larger numbers. Gallup calculates the distribution of ideology every year and found that libertarians made up 23 percent of respondents in their 2009 survey. Our analysis of data from a 2007 Washington Post-ABC News poll found that people with libertarian views were 26 percent of respondents. And a Zogby poll found that 59 percent of Americans would describe themselves as “fiscally conservative and socially liberal,” while 44 percent would accept the description “fiscally conservative and socially liberal, also known as libertarian.”

Libertarian voters swung away from Bush and the GOP in 2004 and 2006, but in 2008 they swung back, voting for McCain by 71 to 27 percent, presumably because the prospect of a Democratic president with a Democratic Congress in the midst of a financial crisis was frightening to small-government voters. Also, while many libertarian intellectuals had a real antipathy to McCain, the typical libertarian voter saw McCain as an independent, straight-talking maverick who was a strong opponent of earmarks and pork-barrel spending and never talked about social issues.

One encouraging point in the study: libertarians may be becoming more organized. In our 2006 study we wrote, “Social conservatives have evangelical churches, the Christian Coalition, and Focus on the Family. .

.. Liberals have unions. . . . Libertarians have think tanks.” In the past three years, however, libertarians have become a more visible, organized force in politics, particularly as campaigns move online. Note the Ron Paul campaign and the heavy libertarian involvement in the widespread and decentralized “Tea Party” movement.

The new study also includes new data on young libertarian voters, Ron Paul voters, libertarians and abortion, “secular centrist” voters, and how libertarians voted for Congress in the past five elections. 

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FISCALLY CONSERVATIVE BLOG FEEDS

## Federal Transportation Follies [Cato at Liberty]

JAN 21, 2010 10:02A.M.


By Tad DeHaven

The 2009 stimulus bill gave the U.S. Department of Transportation \$50 billion to distribute to the states for highways, roads, and bridges. A House bill passed in December would add another \$28 billion. According to Washington folklore, spending on infrastructure is always good because it'll create jobs and spur economic growth. However, three recent examples are a reminder that the government often does a poor job of allocating resources.

First, an Alaska legislative audit concluded that the state should not have spent federal transportation money building a road to the site of the proposed “Bridge to Nowhere,” which was canceled after a national outcry. Alaska kept the federal money originally earmarked for the bridge, and then-Governor Sarah Palin agreed to spend \$26 million of it on the road despite the fact there was no bridge.

Second, the Department of Transportation is supposed to exclude “unethical, dishonest, or otherwise irresponsible” parties from receiving federal funds. But according to a report from DOT's inspector general, the average case took DOT officials “300 days to reach a suspension decision and over 400 days to reach a debarment decision.” For example, Kentucky awarded \$24 million in transportation stimulus money to companies with officials under review by the Federal Highway Administration for bribery, theft, and obstruction of justice. The FHA took 10 months to review the companies before ultimately suspending them, but Kentucky had already given the companies the money.

Third, a Tennessee television station analyzed the state's use of federal transportation stimulus money and found that it “spent an average of \$161,500 per job created and that some paving jobs, which were temporary, cost taxpayers more than \$1 million each.” The station interviewed a construction company that had been busy during the summer when it had federal money. Now its trucks are idle and the workers it hired have all been laid off.

Randal O'Toole says that “The best test of infrastructure value is whether users are willing to pay for it.” There's almost no connection between infrastructure projects funded by federal taxpayers and the typically local users. Leaving infrastructure projects to state and local governments to fund would make more of a connection. Privatization, which would utilize tolling and other user fees, would be even better. 

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FISCALLY CONSERVATIVE BLOG FEEDS

## Statism Update from Brussels [Cato at Liberty]

JAN 21, 2010 09:59A.M.

By Daniel J. Mitchell

America may have dodged the bullet of Obamacare thanks to voters in Massachusetts, but even if the left ultimately succeeds in expanding government's control of health care, the United States will still have more freedom than Europe. It seems that the European Union's governing entities, the European Commission and the semi-ceremonial European Parliament, combine the worst features of statism and collectivism from the entire continent. The Euro-crats make lots of noises about subsidiarity and other policies to leave decision making in the hands of national and local governments, but virtually every policy coming from Brussels is a new power grab for unelected and unaccountable bureaucrats. The latest example is possible EU-wide driving laws for the purposes of imposing absurdly low speed limits and to requiring foolish rules against more comfortable and safer large cars. Here's what the UK-based *Express* wrote about the topic:

Brussels bureaucrats want to slap draconian European Union driving laws on Britain's roads in a new “green” campaign on motorists, it emerged last night. Measures being considered include a barrage of new maximum speed limits in town and city areas. British motorists could also be forced to undertake exams in “environmentally-friendly” road skills as part of an EU-wide overhaul of driving tests. And many large cars and other so-called gas-guzzling vehicles face being banned from newly-declared “green zones” in urban centres. The latest threat of meddling from Brussels comes in an Action Plan on Urban Mobility drawn up by European Commission transport chiefs. ...Mats Persson, of the Euro-sceptic think tank Open Europe, commented: “This illustrates that the EU simply can't stop interfering in every aspect of people's lives.”

Meanwhile, a different tentacle of the European octopus is proposing that the European Union be given the power to audit budget numbers from member nations. Given the fiscal fiasco in Greece, this seems like it might be a reasonable step – until one remembers that the EU's auditors every year give a failing grade to the EU's own budget practices. The *EU Observer* reports on the issue, but the phrase “blind leading the blind” somehow did not get included:

...the European Commission has indicated it will seek audit powers for the EU's statistics office, Eurostat, in order to verify elements of national government accounts. ...Speaking to journalists after a meeting of EU finance ministers on Tuesday (19 January), outgoing EU economy commissioner Joaquin Almunia said greater Eurostat auditing powers could have avoided the mistakes that led to the Greek revision. He said the commission will propose "a new regulation in order to obtain powers, which we've already requested, to give Eurostat the possibility of carrying out audits."

Last but not least, that same *EU Observer* story has a tiny bit of good news, or at least a dark cloud with a silver lining. Some of Europe's governments want to impose an EU-wide tax on banks. This certainly fits the theme of ever-growing levels of bureaucracy and interference from Brussels, but the good news is that there is still (even under the statist Lisbon Treaty) a national veto on tax matters. So even though some of the big nations in Europe want to demagogue against the financial sector, the EU's taxation commissioner (and former communist apparatchik from Hungary) indicated with sadness that such a tax probably would not make it through the process:

While discussion on Greece took up considerable time, EU finance ministers did have an opportunity to discuss a Swedish proposal for an EU-wide bank levy to mitigate the effects of future financial crises. ...British, Belgian and German ministers were amongst those who showed moderate support for the idea. However, outgoing EU taxation commissioner Laszlo Kovacs said it was unlikely to fly because of EU unanimity voting in the area of taxation. 

Communications Privacy Act (ECPA) allows the bureau to demand records from phone companies through a "national security letter" (NSL) signed by the director or an official he designates. Under FBI policy, any special agent in charge can sign an NSL, which simply states that the records sought are "relevant to an authorized investigation to protect against international terrorism or clandestine intelligence activities."

In 2003 FBI officials began dodging this minimal requirement by asking telecommunications carriers to supply records without the legally required NSL "due to exigent circumstances" and promising to provide an NSL after the fact. These so-called exigent letters, which were often used when no emergency actually existed, were an extralegal contrivance that violated ECPA, bureau policy, and guidelines issued by the attorney general. The retroactive NSLs promised by the exigent letters often failed to appear because there was no authorized investigation to which they could be linked. To fix that problem, FBI officials resorted to another illegal procedure, issuing "blanket" NSLs tied to no particular investigation.

Even these pseudolegalities look downright upright next to the FBI's other informal methods of obtaining records, which included requests by email, phone, post-it note, and in-person oral communication as well as "sneak peeks," which were about as legitimate as they sound. The failure to follow the established NSL process is legally significant because ECPA prohibits telecom companies from disclosing customer records to the government except in specified circumstances. One of them is not when an FBI agent shows up at your office and says, "Mind if I take a look at that?"

#### FISCALLY CONSERVATIVE BLOG FEEDS

## Sacrificing Liberties in the Name of Security [Cato at Liberty]


JAN 21, 2010 09:24A.M.

By Doug Bandow

The new Justice Department Inspector General report finds that the FBI broke the law in seeking phone records. Reports Jacob Sullum of *Reason* magazine:

In a report (PDF) issued today, Justice Department Inspector General Glenn Fine shows that the FBI routinely broke the law for several years by demanding telephone records through informal methods that were not authorized by statute. The abuses, which involved thousands of records, are especially striking because it is not very hard for the FBI to obtain this information legally. The Electronic

The targets of the FBI's illegal record grabs are unknown, with one major exception. "Some of the most troubling improper requests for telephone records," the inspector general's report notes, "occurred in media leak cases, where the FBI sought and acquired reporters' telephone toll billing records and calling activity information without following federal regulation or obtaining the required Attorney General approval." In 2008 FBI Director Robert Mueller apologized for the bureau's improper snooping on foreign correspondents for *The New York Times* and *The Washington Post*.

Obviously, federal agencies require investigative authority to combat terrorism and other crimes. But those investigations need to be conducted in accordance with the law and Constitution. We must never forget that it is a free society which we are defending. 

FISCALLY CONSERVATIVE BLOG FEEDS

## Buffett Opposes Obama's Bank Tax [The Club for Growth]

JAN 21, 2010 08:22A.M.


From Bloomberg [emphasis mine]: 

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FISCALLY CONSERVATIVE BLOG FEEDS

## Quote of the Day [The Club for Growth]

JAN 21, 2010 08:16A.M.

From everybody m pretty close to giving up on Mr. Obama, who seems determined to confirm every doubt I and others ever had about whether he was ready to fight for what his supporters believed in. 

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