

6 February 2010


Today's Tabbloid

PERSONAL NEWS FOR Ign@limitedgovernmentnetwork.com

FISCALLY CONSERVATIVE BLOG FEEDS

The Obama Budget [Americans for Tax Reform]

FEB 05, 2010 05:42P.M.

President Obama is touting all the advantages his budget has for small businesses. In particular, he's talking about using TARP funding (supposedly temporary, to be paid back to taxpa... 

FISCALLY CONSERVATIVE BLOG FEEDS


Law Students: Use Your Deferment to Work for Liberty! [Cato at Liberty]

FEB 05, 2010 04:09P.M.

By Ilya Shapiro

Many law firms continue to ask their incoming first-year associates to defer their start dates (from a few months to a full year) and are offering stipends to these deferred associates to work at public interest organizations. The Cato Institute has been running a successful deferred associates program and we always consider applications on a rolling basis.


We invite third-year law students and others facing firm deferrals to apply to work at our Center for Constitutional Studies. This is an opportunity to assist projects ranging from Supreme Court amicus briefs to policy papers to the *Cato Supreme Court Review*. Start and end dates are flexible. Interested students and recent graduates should email a cover letter, resume, transcript, and writing sample, along with any specific details of their deferment (timing, availability of stipend, etc.) to Jonathan Blanks at jblanks@cato.org.

Please feel free to pass the above information to your friends and colleagues. For information on Cato's programs for non-graduating students, contact Joey Coon at jcoon@cato.org. 

FISCALLY CONSERVATIVE BLOG FEEDS

Obama Feels International Pressure to Pass FTAs [Americans for Tax Reform]


FEB 05, 2010 04:01P.M.

Obama's recent State of the Union address included comments about America's free trade agreements (FTAs) with countries such as Colombia, Korea, and Panama. The President said, "We h... 

FISCALLY CONSERVATIVE BLOG FEEDS

Obama should cooperate with Boehner and Cantor to force debate on spending reductions [Americans for Tax Reform]

FEB 05, 2010 01:45P.M.

On Thursday, House GOP leader John Boehner and GOP Whip Eric Cantor sent a letter to President Obama offering their help in forcing votes on proposed spending reductions and terminations.&nb...; 

FISCALLY CONSERVATIVE BLOG FEEDS

Jay Greene on Barack Obama on Education [Cato at Liberty]

FEB 05, 2010 01:28P.M.

By Andrew J. Coulson

In the current *City Journal*, political scientist Jay Greene observes that “the test that seems to guide the Obama administration’s education priorities is not whether a policy works, but whether it serves a political constituency.”

The president’s actions have forced me to conclude the same thing. 


FISCALLY CONSERVATIVE BLOG FEEDS

This Week in Government Failure [Cato at Liberty]

FEB 05, 2010 12:29P.M.

By Tad DeHaven

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

- Will Obama’s deficits turn out to be as low-balled as Bush’s?
- Obama blames Bush for his problems, but his new budget is worse.
- Obama’s budget would kill the Constellation program, but his budget still goes to the moon.
- The Federal Housing Administration bailout watch continues.
- There’s nothing “fiscally responsible” about Sen. Kent Conrad.
- The government **is** creating jobs — *federal government jobs*. 

FISCALLY CONSERVATIVE BLOG FEEDS

Grading Agencies’ High-Value Data Sets [Cato at Liberty]

FEB 05, 2010 12:27P.M.

By Jim Harper

I wrote here a few weeks ago about the “high-value data sets” — three per agency — that the federal government would soon be releasing at Data.gov. They were released on January 22nd, and we’ve been poring over them ever since. More on that below.

Tomorrow, agencies are supposed to have their “open government” sites put up — sites where they make their data feeds available and easily findable for the public. There are a couple of different sites monitoring when those sites are going up.

Data, data, data — that means more direct oversight of the government by more people. We talked about all this at our December 2008 policy forum, Just Give Us the Data!

When I wrote recently about the release of agencies’ high-value data sets, though, I worried:

Rather than substantive insight into government management, deliberations, and results, we might get a lot of data-oriented play-toys... [P]ublic choice economics predicts that the agencies will choose the data feeds with the greatest likelihood of increasing their discretionary budgets or the least likelihood of shrinking them.

So I decided to grade them:

To help focus agencies on releasing the data that is high-value for genuine government transparency, I plan to examine the three data-streams each agency releases and grade the agencies on whether their releases provide insight into agency **management, deliberations, or results**.

With the help of Cato interns Solomon Stein and Sasha Davydenko, I assigned three points to each feed that had to do with management, deliberation, or results. The resulting numerical scores — 9, 6, 3, or 0 — translate into grades: A, B, C, or D respectively. F was reserved for agencies that didn’t produce feeds.

The results follow these few comments:

- There’s no science to determining what is management, deliberations, or results. We made some judgement calls. But on the whole we feel pretty good about getting it right.
- We graded the data sets that were posted on data.gov by the deadline. Several agencies have added data sets late. They get no

credit. We're not the "nice" teacher. We're the mean one that you learn from.

- Some agencies produced more than three of what they think are "high-value data sets." If any three were actually about management, deliberations, or results, we gave them full credit.
- Almost uniformly, the agencies came up with interesting data — but "interesting" is in the eye of the beholder. And interesting data collected by an agency doesn't necessarily give the insight into government we were looking for. It's data about the agency that matters.
- Time and again, we found that "money is management." If the data has to do with in-flow and out-flow of funds, chances are good that it's high-value data. Hey, there's nothing wrong with paying attention to the money. Accountants need love too.
- The documentation of data sets probably had an effect on the grading. There were some data sets that were almost perfectly inscrutable. Agencies, imagine that you're giving the data set to your Aunt Zelda. Have you described what it is well enough for her to understand?
- Our grading did not take into account the quality of the data or its true utility for the purposes to which it might be put. That's for people digging deeper to find out. We're just going on what agencies said the data was about and how well that reveals their inner workings: their management, deliberations, and results. That's our idea of high-value.

Without further ado, the results!

Department of Agriculture — D

The Ag Department produced data feeds about the race, ethnicity, and gender of farm operators; feed grains, "foreign coarse grains," hay, and related items; and the nutrients in over 7,500 food items. That's plenty to chew on, but none of it fits our definition of high-value.

Department of Commerce — C+

Commerce produced four feeds that it calls "high-value," but we could only fully agree on one: "Patent Grant Maintenance Fee Events." That's a record of money coming in for patents granted from September 1, 1981 to the present. And money is management.

Another — applications received by a couple of broadband programs (assumedly for money) — is close enough to management that we plussed up Commerce's grade. But the other two — collaboratively collected precipitation data, and information about billions of dollars worth of research stretching back to 1964 — might be high-precipitation or high-dollar, but it's not what we think of as high-value.

Department of Defense — D

It was a good news-bad news story from the Department of Defense. On the good side, it produced an impressive six data-sets! But the bad overwhelms the good: not a one was high-value in our estimation. They were each just collections of survey data about absentee voting and election administration overseas.

DoD! Drop and give us 20 push-ups! Then go find us some better data feeds.

Department of Education — D

Ed didn't make the grade. Its three feeds — really two feeds and a metadata file — contain 2007 data about fourth- and eighth-graders' educational achievement, which doesn't teach us anything at all about the agencies' management, deliberations, or results.

Department of Energy — D

One might expect to be invigorated by data feeds from the Energy Department, but these feeds provide shockingly little insight into the agency's operations. All six of its alleged "high-value" data feeds are bibliographic data about research studies and reports from scientific conferences. This information may give researchers somewhere a jolt, but it's an information black-out on data about the agency itself.

Department of Health and Human Services — C

By our reckoning, HHS needed a bit of a helping hand to make its "C" grade. One feed wasn't what the doctor ordered: a directory of all animal drug products that have been listed electronically since June 1, 2009. That data would tranquilize an elephant! (It may be helpful to Dr. Doolittle, of course, just not the government transparency effort.)

Edging close to high-value, but not enough for a full grade, was data on claims filed with HHS's Office of Minority Health (OMH). More data and better documentation of the data might have won this feed a full letter.

But along with the OMH claims data, what breathed life into HHS's data effort was the "Part B National Summary Data File." For all of Medicare Part B, the data describes allowed services, allowed charges, and payment amounts. That's important enough, and clear enough, that we classified it as "management" and scored one for HHS.

Department of Homeland Security — B

We agreed that two of DHS's three data sets were high value. Under the simple rule that money is management, we credited the data about supplementary FEMA grants for public structure repair and the data about FEMA grants for mitigation of future disasters because they included dollar figures. The list of all federally declared disasters is no doubt interesting, but not high-value for our purposes — a transparent agency.

Department of Housing and Urban Development — D

HUD was another agency producing interesting and relevant data — but not high-value for transparency purposes. Its data feeds include information about housing authorities and properties, as well as data about lawsuits, but not information about the management, deliberations, or results of the agency itself.

Department of Justice — D

Interesting data is not necessarily high-value, and the Department of Justice also falls into that trap. The data it provides about prison populations and prison employment might be good for researchers, but it's not so helpful to the people who want to understand how the Justice Department does its work.

Department of Labor — A

The Department of Labor really got to work and put out some helpful data! DoL's "Research and Evaluation Inventory" includes costs for various projects along with their current status. The Workforce Investment Act Net Impact Evaluation Dataset shows how programs created under this law affected employment — results! And the Project GATE (Growing America Through Entrepreneurship) Final Evaluation Dataset does the same.

This is great work by the Department of Labor to produce some truly revealing information.

Department of State — D

The State Department may have come up with some of the least helpful information of all agencies. Data about attendance at international exchange and training programs in East Asia and Eurasia is only slightly more helpful at exposing the workings of the agency than the dreary "Bibliographical Metadata of the Foreign Relations of the United States Series." That's right — a list of books. (Alas, we're being unkind. Someone loves these books, so we do too. But you'll forgive us if we don't read them just now, or look at the data about them ever again.)

Department of Interior — D

Interior has mastered the "interesting, not high-value" category. Its four data-releases reveal: counts of wild horses and burros in various areas; a list of government-designated recreation areas; data about wildland fires and acres burned from 1960 through 2008 (updated annually); and a list of ways to work for the government for free. Interesting . . . but no thanks.

Department of the Treasury — C

Tax Year 2007 County Income Data is not high-value. The latest quarterly report on bank derivatives activities is not high-value either.

But the Treasury Department's purchases, trades, or other dispositions of troubled assets in the TARP program (Targeted Investment Program) — that's high-value! With one true high-value data set, Treasury earns a

"C."

Department of Transportation — D

Steering the public away from its own functions, the Transportation Department released feeds about tire safety, vehicle safety ratings, and child safety seats. This is good data to have, of course, but it doesn't drive openness about the department itself.

Department of Veterans Affairs — C

Data about Veterans Compensation and Pension by County doesn't make the cut as far as high-value, but we were willing to salute the release of data about "the factors that impact veterans' employability resulting from participation in the VR&E Program." This is in the "results" category — data that can reveal how, and how well, a program works. For producing this information, the Veterans Department gets a respectable "C."

Central Intelligence Agency — F

Secrecy has its place, but not when it comes to data about the operation of the CIA. With no data released, the CIA gets an "F."

Consumer Product Safety Commission — F

Our frustration at the lack of data from the CPSC had us gnashing our teeth — on lead-painted toys!

Environmental Protection Agency — D+

The EPA's data sets about new ways to test chemicals' toxicity levels and water quality measures for the Chesapeake Bay are great. But they're not our idea of high-value, which is data that goes to agencies' management, deliberations, and results. We give the agency a little credit for TRI-CHIP, the Toxics Release Inventory Chemical Hazard Information Profile dataset, just because it's so important. But overall we didn't get a look into the agency from its data.

Executive Office of the President — A

With the president's focus on transparency, the EOP had better get this right! And it did. We agree that five out of six of its data sets are high-value.

A crosscut of data about budget authority for global change research activities reveals what is going on across the government on this issue. A similar set of data goes to nanotechnology work across agencies. Same with research and development budget in the area of networking and information technology across agencies for FY09 and FY10.

We even like the "improper payments" data. Hate the sin, love the sinner; don't blame it on the messenger — pick your trite saying: We like to see this data, even if the underlying substance is regrettable.

The stinker in the bunch is no stinker at all, by the way. It's historical data on economic forecasts. But that doesn't provide insight into today's EOP.

Overall, a clear "A" for the Executive Office of the President. More than three data feeds that are indeed high-value.

Export-Import Bank of the United States — D+

The user ratings that others gave to the Ex-Im bank raised their grade over a flat D. At least someone likes this data. But it's so poorly documented that we couldn't tell whether the data sets are high value or not. You read this and tell us what it means:

This file contains the small business authorizations recorded during FY 2010 up to the last month closed in the Bank's financial and administrative systems.

OK. Authorizing who...? To do what...? Give us something we can work with Ex-Im Bank! Your data isn't going to sell itself!

Federal Bureau of Investigation — F

Our investigation turned up no data. We're throwing the FBI in the transparency slammer.

Federal Communication Commission — F

Failing to release data is pretty uncommunicative, don't you think?

Federal Deposit Insurance Corporation — F

No data? No credit. Do not pass go. Do not insure \$200.

Federal Election Commission — F

Does it take an election campaign to get data out of you?

Federal Reserve Board — D

The Fed issued two feeds: 2008 home mortgage loan application register data, and 2008 data on small business, small farm, and community development lending. Sorry — no and no.

Federal Trade Commission — F

We think that running an agency without data transparency is an unfair and deceptive trade practice.

General Services Administration — A

The agency that's central processing for management of government should get this right, and GSA did. We agree that five of GSA's seven feeds are high-value.

The cash and payment management data gets credit, especially under the general rule that money is management. We were interested to see three different data feeds dealing with federal advisory committees. The membership of these committees help guide agencies' policymaking, so we credit these as being data about "deliberation." The dataset that "represents time taken to hire a GSA employee," well, we're not sure about that — maybe management.

The catalog of federal domestic assistance is good to have out there, and the list of federal government contractors too. But those don't get right at management, deliberation, or results. Those duds notwithstanding, GSA has three high-value data feeds and gets an "A."

Merit Systems Protection Board — B

Credit goes to the MSPB for its data feeds on petitions for review received, decided, and pending by month at MSPB headquarters. Same for data on initial appeals received, decided, and pending by month for its regional and field offices. These are both management data if we ever saw it.

But we found meritless (for our purposes, anyway) the data store of 2007 survey responses summarizing the existence of positive performance management practices and employee engagement scores. Whatever that is doesn't seem like the stuff we want to learn from the MSPB.

NASA — D

You know you can count on NASA for cool data, but cool does not necessarily mean high-value. Its contributions — data about nighttime surface temperatures on earth, images of earth, and estimates of the horizontal near-surface currents of the Tropical Pacific ocean — don't open up the true final frontier: NASA's inner workings.

National Archives and Records Administration — D

NARA produced some important — if mind-numbing — data, none of which unfortunately deserves credit as high-value. XML versions of the Code of Federal Regulations are neat, but that's no insight into NARA. The Archival Research Catalog data set is an important record of what NARA has produced, but it's not about the workings of the agency.

The Organization Authority Files data set contains a highly detailed presentation of the evolution of names and administrative histories of Federal and non-Federal organizations. That's catnip for a researcher into federal administrative history. It's valium for those of us seeking after open government.

National Science Foundation — C

The NSF — funder of so much data collection — comes up pretty anemic when the question is data about itself. Generously, we've given it credit for data about FOIA requests: received processed, response times, and so on.

Its data feeds naming fellowship award recipients and revealing grant funding rates don't do enough to show the public how the agency works. For the one decent feed, though, NSF garners itself a "C."

National Transportation Safety Board — D

The NTSB is really good at collecting and disseminating transportation safety information, but what about NTSB-focused information? Not so good. Perhaps it's an excess of modesty, but the NTSB's 12 self-identified high-value data sets don't meet our criteria even once.

NTSB's data is all about the accident statistics, which is no surprise because the agency has so much of that data near at hand. We want to see what's in its head and its heart, though, with data reflecting the agency's management, deliberation, and results. From that perspective, this data was a wreck.

Nuclear Regulatory Commission — C+

The NRC's one data feed is a thing of beauty: a list of contracts for greater than \$100,000, their purposes, suppliers, dollar amounts, effective dates, NRC identifying number, and award types. That's just the kind of information that can help one see how the agency is run.

Now if they could just find two more like that...

Overseas Private Investment Corporation — C

OPIC provided two data sets about greenhouse gas emissions attributable to projects the agency is committed to. That's neither here nor there when it comes to core transparency, though it might be all there for someone researching the environmental impacts of OPIC.

We did credit OPIC's data about the net impact on the economic and social development of OPIC projects' host countries.

Pension Benefit Guarantee Corporation — B

The PBGC produced some pretty good data. One spreadsheet contains a list of multiemployer plans receiving financial assistance payments from the PBGC from the period 2005 through 2009. That's management. Key financial data from PBGC's financial statements for the periods ending September 30, 1992 through September 30, 2009? Remember the rule: money is management.

The one that we couldn't see clear to credit was list of all single-employer defined-benefit pension plans trustee by the PBGC since its creation in 1974. That's data about the agency that could be useful for oversight, but it's too far back into history rather than the present-day functioning of the agency. All in all, though, a respectable "B" for the PBGC.

Railroad Retirement Board — D

The RRB produced statistical data about railroad workers, retirees, and annuitants, but nothing that gives us insights about the agency, so

nothing we would call high-value.

Securities and Exchange Commission — F

Shares of this agency's stock are falling.

Small Business Administration — D

Useful data, maybe. But the SBA didn't manage to produce any data about itself. One data set is a collection of federal, state and local licenses, permits and registrations small businesses need to operate. (Can we say we'd like that list to be shorter?) Another data set is a collection of links to federal, state, and local financial assistance programs for small businesses. That's fine data, but not high-value. Finally, there's a "mashup" of URLs for city and county web sites and city and county location data. Cool data, but not valuable in terms of what we're looking for.

Social Security Administration — A

SSA declared a whopping 14 of its data sets to be high-value. In among that, there had to be three high-value data sets, and there were.

Like SSA's disability claim acceptance rates, for example. That's good management data. Same with data on hearings before administrative law judges and their dispositions. Workload indicators for each hearing office in the Office of Disability Adjudication and Review (i.e., pending, receipts, dispositions and average processing time) — it seems mind-numbingly boring, but it's also management data that we'll treat here as high-value.

Kudos to SSA for getting the data out.

U.S. Agency for International Development — B

We really liked USAID's database containing funding levels of U.S. Trade Capacity Building (TCB) activities designed to promote economic growth through international trade. With that data set, USAID is "TCB" in a different sense — takin' care of business. We also credited statistics about U.S. official development assistance detailing it by country and implementing agency.

We couldn't credit the data set containing U.S. economic and military assistance by country from 1946 to present. Historical data, good. But unless it shows how an agency or program produced results, it's not our idea of "high-value."

Solid job by USAID, though, and a "B."

U.S. Equal Employment Opportunity Commission — D

The EEOC might want to put an ad in the paper looking for a database administrator. Its one feed doesn't cut it as high-value for our purposes. Statistics on employment by race, occupation, gender, state and job category are good to have around, but they don't let us see how the EEOC

does its work. 

FISCALLY CONSERVATIVE BLOG FEEDS

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

FEB 05, 2010 12:27P.M.



This evening at 7pm ET:

OBAMA & THE JOBS PICTURE

NBC's Steve Handelsman reports from Washington.

IS OBAMA SETTING US UP FOR ANOTHER DEPRESSION?

- Amity Shlaes, Author, "The Forgotten Man: A New History of the Great Depression"
- Mort Zuckerman, N.Y. Daily News Publisher; U.S. News & World Report Chairman & Editor-in-Chief

EUROPEAN DEBT DEFAULT DEFLATION ... A HOUSE OF CARDS?

- Niall Ferguson, Harvard University Professor; "The Ascent of Money" Author
- Andrew Busch, BMO Capital Markets; CNBC Contributor

TOYOTA APOLOGIZES; TOYOTA DEALERS REACT

CNBC's Phil LeBeau reports.

FRIDAY MARKET ROUNDTABLE


- Liz Ann Sonders, Chief Investment Strategist, Charles Schwab
- Alison Deans, Fmr. CIO Neuberger Berman Private Asset Management
- Steve Grasso, CNBC Market Analyst; Stuart Frankel, Managing Director of Institutional Sales

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

FISCALLY CONSERVATIVE BLOG FEEDS

Not All Bipartisan Reform Commissions Are Created Equal [Americans for Tax Reform]


FEB 05, 2010 11:43A.M.

There has been a lot of talk about various ideas to set up bipartisan reform commissions to address our fiscal problems. However, as we have been pointing out, not all commission proposals are g... 

FISCALLY CONSERVATIVE BLOG FEEDS

The Hidden Tax Hikes in the Obama Budget [Americans for Tax Reform]

FEB 05, 2010 11:21A.M.

Over the past week, ATR has been breaking open the Obama budget to examine all the new tax hikes (on international income, small business, and more to come). Today, we wanted to take a quic... 

FISCALLY CONSERVATIVE BLOG FEEDS

Friday's Daily News [The Club for Growth]

FEB 05, 2010 11:05A.M.

Club board member Ken Blackwell defends the Supreme Court's dirtiest cities. 

FISCALLY CONSERVATIVE BLOG FEEDS

Is Obama Failing? The Rebuttals [Cato at Liberty]

FEB 05, 2010 11:03A.M.


By David Boaz

At the *Economist's* online debate, Elaine Kamarck and I have posted rebuttals to the opening statements. I say, among other things:

One question here is how do you measure a politician's failure. Is it, for instance, a failure to get his policies enacted, or his success in enacting bad policies? Surveys of historians always give high marks to presidents who expanded government or fought wars. Washington's most-quoted political scientist, Norman Ornstein, recently defended the productivity of the current Congress; his article illustrated that to the Washington establishment the very definition of a productive Congress is the spending of more taxpayers' money, the creation of new agencies and bureaucracies, and the concentration of more power in the hands of federal regulators. Citizens might prefer a government that kept us out of war, let the economy grow, and left us alone...

Some analysts note that Ronald Reagan had low ratings at this point in his term, and a bad midterm election, but came back strong. As it turns out, tax cuts, spending restraint, deregulation and sound money tend to create strong economic recoveries. Threats of tax hikes, unprecedented levels of deficits, a wave of new regulations and fears about Fed monetisation may not.

Has Mr Obama failed, a year into his term? Of course not. But that's the direction he's headed.

The vote is now 53 percent *against* the proposition that Obama is failing. If you agree with the proposition "This house believes that Barack Obama is failing," I encourage you to cast your vote. 

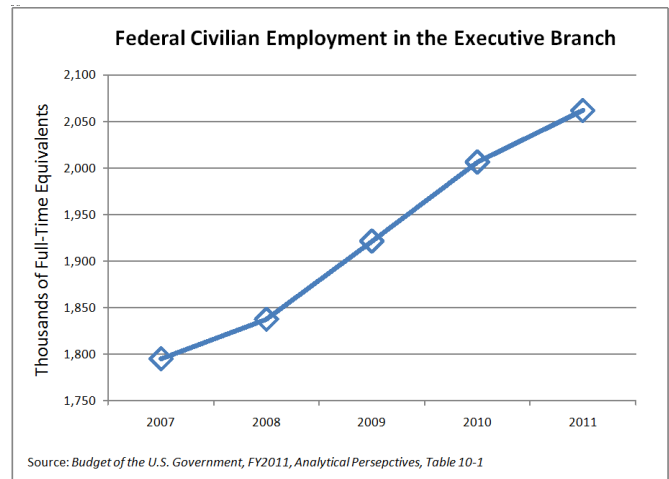
FISCALLY CONSERVATIVE BLOG FEEDS

The Government IS Creating Jobs [Cato at Liberty]


FEB 05, 2010 10:29A.M.

By Tad DeHaven

Federal government jobs that is. According to the president's new budget, federal civilian employment in the executive branch will be 15 percent higher in 2011 than it was in 2007:



**I subtracted out the Department of Commerce because it's temporary hiring of workers for the 2010 Census skews the chart.*

Private sector unemployment remains high despite the the administration's claim that massive deficit spending was necessary to return the economy to health. Instead of fostering private sector growth, the administration is fostering government growth at the expense of the private sector. 

FISCALLY CONSERVATIVE BLOG FEEDS

Political Alchemy, Part I: Turning Spending Increases into Tax Cuts [Cato at Liberty]

FEB 05, 2010 10:26A.M.

By Daniel J. Mitchell

Politicians in Washington have come up with something far more impressive than turning lead into gold or water into wine. Using self-serving budget rules, they can increase the burden of government spending and say they are cutting taxes instead.

This bit of legerdemain is made possible, thanks to the convolutions of the personal income tax, by adopting or expanding refundable tax credits. But in this case, "refundable" does not mean the government is returning money to taxpayers. Instead, it means that money is being redistributed to people who do not earn enough to be subject to the income tax.

This is hardly a trivial issue. According to the Congressional Budget Office, the amount of income redistribution being laundered through the tax code is now so large that the bottom 40 percent of the population has a negative "effective" income tax rate. In simple terms (though perhaps with profound political implications), the income tax is a revenue generator for a big share of the population.

And the problem is going to get worse if the President's budget is approved. Buried in the fine print, on pages 188-189 of the Analytical Perspective of the Budget, you will see that the President is proposing to increase this hidden form of spending by more than \$152 billion over the next 10 years.

It is worth noting that proponents argue that it is OK to classify this new spending as tax cuts because it somehow offsets other tax payments, especially the payroll tax. I'm sympathetic to lower taxes on everybody, including the poor, but surely it is better to be honest and simply cut the taxes that people pay. The current methodology, by contrast, is open to abuse. Heck, I'm surprised politicians don't classify other forms of spending as tax cuts. Maybe corporate welfare can be reclassified as a corporate tax cut. (I better stop lest I give the political class any ideas.)


Defenders also assert that some so-called refundable tax credits, particularly the earned income tax credit, are designed to encourage work. That is partly true, but credits like the EITC are withdrawn as income climbs, and this means poor people face punitive marginal tax rates, so the overall effect on hours worked may be negligible.

The right approach, of course, is to get the federal government out of the racket of redistributing income. 

FISCALLY CONSERVATIVE BLOG FEEDS

Scott Brown Has Been Added to the Club's Power Ranking [The Club for Growth]

FEB 05, 2010 10:02A.M.

After taking the oath of office yesterday, Senator Scott Brown has now been added to the Club's Power Ranking. 

FISCALLY CONSERVATIVE BLOG FEEDS

Storm Clouds On The Horizon? [Larry Kudlow's Money Politic\$]

FEB 05, 2010 06:55A.M.



The proximate cause of yesterday's stock market sell-off was the growing fear of European government defaults and the future of the euro currency itself.

These are legitimate fears. But I wouldn't make too much of this. Greece, Portugal, and Spain are all lovely places, but how important are they really?

The European Union must stand behind those governments. And just as important, the EU and the European Central Bank must stand behind the euro currency, which has plunged from 1.50 to 1.37 and is still falling. I do believe Europe will act responsibly. But if the EU and the IMF make these southern European countries raise taxes to balance their budgets, it will spell euro disaster.

But then again, is it so farfetched to say that Team Obama and the Democratic Congress aren't following the same big spend-and-borrow policies as Europe? (Incidentally, Moody's is saying that U.S.

government debt eventually could be downgraded.) And a whole spate of tax-hike proposals, beginning with the bank tax, and continuing on down to multi-national corporate tax hikes and a failure to extend tax cuts on capital gains and the incomes of successful earners, is penalizing exactly the people who were most likely to invest in economic growth and recovery.

All of this is an ongoing cause of the 700-point stock market correction.

I don't want to get too bearish on this year's economy. One of America's great businessmen, Cisco's John Chambers, is very optimistic. Profits and productivity are soaring. Business capital investment is rapidly recovering. Chain-store sales picked up more than 3 percent over a year ago. These are all very positive signs.

Of course, jobs are still the big problem. This morning's report did not show much improvement in unemployment. Businesses, large and small, are still afraid to hire workers with various tax-cost-increase threats coming out of Washington on an almost daily basis.

So, here's the question: Is there a train wreck coming in 2011, as my friend Art Laffer believes? He's right about higher taxes and tighter money next year. This year, 2010, could be strong, but it's next year that he believes could be very weak.

The forward-looking stock market may already be looking toward next year's problems, unless Washington comes to its senses and calls off the war against capital and business. These remain the real storm clouds on the horizon.

So I'll stay with my view that 2010 is going to be a strong year. And I'm going to stay optimistic about the political revolution, led by Sen. Scott Brown and many others, which could change the balance of power in Washington such that all these tax-hike threats never come to pass. That's my optimistic play.

But I'll tell you what. Even though the U.S. economy is recovering this year, it's still a very politically driven stock market right now, based on threatening policies from Washington.

Unfortunately, we are going to have to work through this. The level of uncertainty out there is unusually high. And until that uncertainty passes, stocks may be in for a continued correction. 