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Today's Tabbloid

PERSONAL NEWS FOR Ign@limitedgovernmentnetwork.com

FISCALLY CONSERVATIVE BLOG FEEDS


Lessons from the Brown Victory in Massachusetts [Cato at Liberty]

JAN 20, 2010 05:50P.M.

By Chris Moody

In this new video, Cato's David Boaz and John Samples evaluate what Scott Brown's victory in Massachusetts means for Democrats and Republicans in the near and far term. Samples and Boaz contend that Tuesday's election sent a message to Democrats that they have clearly overreached, but Republicans need to be careful and realize that they're still not very popular either.

Watch:

John Samples is the author of the forthcoming book, *The Struggle to Limit Government*, available soon at the Cato store. 

FISCALLY CONSERVATIVE BLOG FEEDS

Are We Mad about SAFRA? [Cato at Liberty]

JAN 20, 2010 05:33P.M.

By Neal McCluskey

This morning I mused about whether yesterday's Massachusetts miracle would curb the drive to have the feds take over K-12 education. In particular, I wondered if the president's new proposal to extend the "Race to the Top" – and as part of that directly connect local districts to the feds – will meet an almost immediate demise as legislators dive frantically to avoid the backlash against ever-expanding federal power.

My hope is that it will, but I'm not especially sanguine. The prospects for stemming the centralization tide are probably better today than they were yesterday, but federal education initiatives tend to have a fair amount of bipartisan support, especially if they throw money at public schools – which liberals like – as well as things like charter schools, merit pay, and "standards" that conservatives support. Indeed, I wouldn't be surprised if President Obama, facing hopeless prospects on

health care, cap and trade, and other anger-igniters, were to propose reauthorizing the No Child Left Behind Act as one big Race to the Top. Incorporating both big bucks and things conservatives endorse, it would stand a pretty good chance of garnering some Republican support. And that would allow Obama to say he has earned his lesson about working with both parties while letting legislators head back home declaring that they'd done something "for the children."

In sum, I'm not sure whether Scott Brown's election is actually a good or bad thing at the K-12 level. I am much more optimistic about higher education, specifically the effect Brown's victory will have on the odious Student Aid and Fiscal Responsibility Act, a piece of legislation that supporters say will save taxpayers money but that will almost certainly cost them dearly. The House passed SAFRA in September, but Senate action has been in a holding pattern while that body has been paralyzed by health care.

Why the optimism on SAFRA and not in K-12? Because Race to the Top is stealthy, involving relatively small amounts of money and ostensibly letting states and districts freely choose if they want to participate. Not so SAFRA, which if anything has been *overtly* demonized as a federal takeover of the student-lending industry because it would cut "private" lenders out of massively subsidized federal-loan programs.

Of course, if the lenders are hugely subsidized they are hardly private, at least in any meaningful sense. Nonetheless, the loudest argument against SAFRA – which *would* consolidate some additional power at the federal level and spend like a drunken sailor – is that it's a federal takeover. From a political standpoint that's huge. With Brown having successfully run on a platform primarily opposing big and ever-growing government, many one-time congressional supporters of SAFRA will no doubt have to think long and hard if they really, *really* want to bare the label of "federalizer."


My suspicion is that, given the new political environment, a great many will decide that they don't. 

FISCALLY CONSERVATIVE BLOG FEEDS

Wednesday Links [Cato at Liberty]

JAN 20, 2010 03:43P.M.

By Chris Moody

- David Boaz on Obama's first year: "From this libertarian, Obama's first year looks grim. ...He may well end up like Lyndon Johnson, with an ambitious domestic agenda eventually bogged down by endless war. But I don't think his wished-for FDR model — a transformative agenda that is both popular and long-lasting — is in the cards."
- The message from Massachusetts: "There can be no denying that this election was a clear cut rejection of the Democratic health care bills."
- Attacks from all sides: See what happens when the Right takes on free enterprise.
- A new dictator in Iraq?
- Podcast: Daniel Ikenson discusses Obama's trade policy. 

FISCALLY CONSERVATIVE BLOG FEEDS

Filibuster Obama Nominees? I'm Shocked! [Cato at Liberty]

JAN 20, 2010 03:12P.M.

By Roger Pilon


At Politico Arena today, Clinton's acting U.S. Solicitor General Walter Dellinger worries that after yesterday's vote in Massachusetts, Obama's Supreme Court nominees may be subject to Republican filibusters.

My response:

Walter, my good friend, where were you all during the Bush '43 years? I recall seeing you often in town, when you weren't teaching down in Durham. But if I may judge from your Arena concern today that Republican senators, after the late unpleasantness in Massachusetts, may now filibuster an Obama Supreme Court nominee, you must have missed the unprecedented and repeated Democratic filibusters of Bush appellate court nominees over several of those years. Did you forget that after the Democrats took control of the Senate in May 2001, following Jim Jeffords becoming an Independent, eight of Bush's first eleven May 2001 appellate court nominees had not had so much as a Judiciary Committee hearing as we were coming down to the 2002 elections? And after the

Democrats lost control of the Senate in those elections, when they could no longer stall by refusing to hold hearings, they moved to the filibuster — over no fewer than ten nominees. Did you forget that our good friend, the eminently qualified Miguel Estrada, one of Bush's May 2001 nominees, finally withdrew his name from consideration in September 2003, after 28 months in limbo and six failed cloture votes?

To be sure, those were *appellate* court nominees, but the principle is the same — and Bush's *Supreme* Court nominees escaped a filibuster, let me remind you, only after the "gang of 14" finally reached a compromise, failing which the "nuclear option" would have brought an end to the unprecedented Democratic filibuster of Bush's nominees. (I ignore the 1968 Abe Fortas case, which had special circumstances.)

If Republicans were to filibuster an Obama nominee, therefore, instructions for doing so would be readily at hand. I'm not suggesting they do so, however. The filibuster is, as you know, an extra-constitutional procedure, with something of a checkered history. For better or worse, it has served as an additional check on the passions of the lower chamber, but its use for executive nominations, as distinct from legislation, raises difficult separation-of-powers questions, which are your main concern, I'm sure. 

FISCALLY CONSERVATIVE BLOG FEEDS

School Choice Advocates: Beware Washington [Cato at Liberty]

JAN 20, 2010 03:08P.M.

By Andrew J. Coulson

The Brookings Institution will release a new school choice policy guide on February 2nd, and from the sound of it, children, parents, taxpayers, and the authors themselves should be concerned. The guide will provide:

a series of practical and novel recommendations for reauthorization of the Elementary and Secondary Education Act, including national chartering of virtual education providers; expanding the types of information collected on school performance; providing incentives for low-performing school districts to increase choice and competition; and creating independent school choice portals to aid parents in choosing between schools.


The goals these recommendations are meant to achieve are entirely laudable, but there are three reasons for serious concern:

- 1) The Constitution delegates to the federal government no power to provide or regulate education services, except in the execution of its explicitly enumerated powers. So the Supreme Court can ensure that

state education programs abide by the Fourteenth Amendment, for example, but Congress cannot “charter virtual education providers.” Of course the federal government has been transgressing the limits on its education powers for more than half a century, but no one who supports the rule of law can condone that transgression, much less its expansion.

2) From a regulatory standpoint, Washington is the worst level of government at which to implement an education program. National education programs impose a *single set* of rules on *every participating provider in the country*. Get those rules wrong — either up front or down the road — and you not only hobble the effectiveness of every single provider, but you eliminate the possibility of comparing outcomes between providers operating under different sets of rules. In essence you lose the ability to distinguish between different “treatments” — to determine what helps and what is harmful to the service’s overall success.

3) We have ample evidence about the quality of education programs implemented by the federal government. For example, after 45 years and \$166 billion, Head Start has just been proven entirely ineffective. (See also the NCLB paper linked to in “1”, above). Once again, this problem is exacerbated by the all-encompassing nature of federal programs. Get them wrong and you get them wrong for every participating student, everywhere in the country. With variation in programs among states, by contrast, we not only have the ability to compare the merits of alternative approaches, we have powerful incentives for states to get their programs right. Just as tax competition drives businesses from one state or nation to another, so, too, can education policy competition. States with better policies will attract businesses and more mobile residents from states with worse ones, eventually compelling the inferior policy states to redress their errors. We’re just beginning to see the prospects for this now, as school choice programs proliferate and grow at the state level, and introducing national programs that might well interfere with this process would be a disastrous mistake.

I hope that school choice advocates, including those who have contributed to the forthcoming Brookings report, will weigh these concerns. 

FISCALLY CONSERVATIVE BLOG FEEDS

Scott Brown and the Future Supreme Court Vacancy [Cato at Liberty]

JAN 20, 2010 03:03P.M.

By Ilya Shapiro

Josh Blackman and Lyle Denniston offer some thoughts on the effect of Scott Brown’s Massachusetts earthquake on the looming retirement of — and the nomination of a replacement for — Justice John Paul Stevens. Josh and Lyle both latch onto the idea that Brown’s providing the 41st vote to sustain a potential Republican filibuster could cause President Obama to nominate someone more moderate than would be the case if the Democrats had maintained their super-majority. Lyle goes on to speculate that both Obama and Senate Democrats, looking to this fall’s election, will generally want to tack right in the face of an emboldened GOP and impatient electorate.


I think this sort of analysis is a misapplication of otherwise correct political analysis to the *sui generis* event that is a Supreme Court nomination. Yes, Scott Brown’s presence in the Kennedy people’s seat will change the dynamic of the health care debate, definitively kill cap and trade, otherwise alter the Democrats’ legislative agenda — and even affect lower court nominees. But I’m not so sure it will affect Obama’s calculus in picking a new Supreme Court justice.

Here’s why: Despite having been a constitutional law professor — whom I did not have when I was in law school, though I passed him in the halls a few times — the president has not really tried to advance his ideological agenda in the courts. It’s bizarre, really, that judicial nominations have not at all been a priority for this administration given that few people pay attention to lower court appointments and this could have been a place where the president could have thrown some bones to his base at little political cost (and certainly far less cost than the rest of his domestic agenda).

Moreover, based on the Sotomayor nomination, we see that when it comes to the Supreme Court, Obama is much more about affirmative action than appointing either the best-qualified Democrats or the most “progressive” ones (or both, to provide a counterweight to Justice Scalia). (Note that Sotomayor at the time of her nomination was nowhere near the best or most left-wing member of the federal judiciary.) Even with a filibuster-proof Senate majority, we would have been unlikely to see a Cass Sunstein or Harold Koh pick — though each took not insignificant heat and delay in being confirmed to regulatory czar and head State Department lawyer, respectively. (And Larry Tribe is too old.)

With Sonia Sotomayor, Obama hit the “twofer” of a woman and a Hispanic (the first unless you count Benjamin Cardozo). With the Stevens replacement, women and minorities are still slightly preferred


but the key “diversity” quota to fill is “non-judge” — and, per the above, a non-controversial one on whom the president won’t have to spend much political capital.

And so, while the prohibitive favorite — solicitor general Elana Kagan (and a woman) — is no surprise, you heard it here first that the other likely nominees, in no particular order, are Janet Napolitano (DHS secretary, woman), Deval Patrick (Massachusetts governor, black), Jennifer Granholm (Michigan governor, woman), Kathleen Sullivan (former Stanford dean, lesbian), Amy Klobuchar (senator, woman), and Akhil Amar (Yale law professor, South Asian). I’ll comment on their relative merits in future posts, but nobody on that list is both a radical and an intellectual heavyweight, and the list has not changed with Scott Brown’s election (though the indirect spotlight during the campaign on Gov. Patrick’s unpopularity might have hurt his chances). 

FISCALLY CONSERVATIVE BLOG FEEDS

Obama’s First Year: Protectionist Trade Agenda Costs American Consumers [Americans for Tax Reform]

JAN 20, 2010 03:00P.M.

Day 13 – Feb. 1: The European Union warns the US of serious ramifications, including an international trade war, if the President pursued a “Buy American Policy”. Day 29... 

FISCALLY CONSERVATIVE BLOG FEEDS

SSA Fails to Verify With E-Verify [Cato at Liberty]

JAN 20, 2010 12:48P.M.

By Jim Harper


Stephen Dinan reports in the *Washington Times* that the Social Security Administration—an integral part of the E-Verify government background check system—regularly fails to use E-Verify properly.

Despite helping run the government’s electronic database designed to weed out illegal-immigrant workers, Social Security failed to run E-Verify checks on its own employees nearly 20 percent of the time.

That’s according to this report, which also found that SSA failed to verify employees during the correct time-frame a whopping 49% of the time.

E-Verify is not supposed to be used for pre-screening, but SSA ran a background check before hiring new employees 25% of the time. Fifty-one percent were screened timely. The remaining 24% were screened after the seven-day window during which new hires are supposed to be screened.

If the federal agency at the heart of this background check system can’t operate it well, this casts doubt on the idea of mandating every private employer across the country to use it.

I discussed some of the problems with programs like E-Verify in my paper, “Electronic Employment Eligibility Verification: Franz Kafka’s Solution to Illegal Immigration.” 

FISCALLY CONSERVATIVE BLOG FEEDS

The Tea Party Comes Home [Cato at Liberty]

JAN 20, 2010 12:22P.M.

By Roger Pilon

Today, Politico Arena asks:

The message from Massachusetts

What now for the Democratic agenda?

My response:

Listening to Scott Brown’s long, barely scripted acceptance speech last night, you had the refreshing sense that you were listening to an ordinary American, not to some political cut-out. Here’s a guy who campaigned in a pick-up truck with over 200,000 miles on the odometer, who listened to the voters and understood that they wanted not simply to block tax hikes but to lower taxes (and the last thing they wanted was for their taxes to pay terrorists’ lawyers bills!), who understood that even worse than the health care bill now before Congress were the back-room deals that brought it about, who’s served proudly for 30 years in the National Guard — in short, here’s guy you’d be comfortable having a beer with because, as he said, “I know who I am and I know who I serve.”

Which brings to mind the famous Rose Garden beer the president and vice president shared with Prof. Gates and Sgt. Crowley — speaking of (dis)comfort. And that brings to mind Cambridge, which stayed true blue, 84-15, Walter Russell Mead informs us this morning in his delightfully tongue-in-cheek Arena post. (“First, some good news for Democrats: the base is secure.”) As goes Harvard, so goes Berkeley.

But to today’s Arena question. The Democratic left is predictably outraged that “the people” they so love in the abstract have so disappointed them in the concrete. Exhibit A is last night’s Arena post by

The Nation's Katrina vanden Heuvel. Railing against “the Tea Party’s inchoate right-wing populism” (if it’s infested Massachusetts, shudder to think of it in Idaho!), Katrina tells Obama to “get tough, get bold, kiss ‘post-partisanship’ goodbye,” and “put yourself squarely back on the side of working people” by “passing the strongest possible healthcare bill as quickly as is feasible.” And there’s the cliff, Katrina.

Lanny Davis has more sober advice for Obama in this morning’s *Wall Street Journal*. To those who are pointing fingers at Martha Coakley, Lanny says, “This was a defeat not of the messenger but of the message” — the unrelenting leftism that has come from this White House and this Congress. And he points, by way of instruction, to Bill Clinton’s response to the disastrous elections of 1994, though he doesn’t mention Clinton’s ringing, albeit inaccurate, description of his course-change — “The era of big government is over.” Is it in Obama’s DNA to make such a course correction? Does *he* have a reset button?

On health care, Obama and his party are in an almost impossible situation. If they press ahead, as Nancy Pelosi and others are urging, the cliff awaits them in November. But if they abandon their project, what will they run on in November? It’s a mess of their own making, of course, so completely did they misread the election of 2008. What better evidence of the endurance of principles of sound, limited government that some two centuries later, The Tea Party has come home to Boston.



FISCALLY CONSERVATIVE BLOG FEEDS

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

JAN 20, 2010 12:03P.M.



This evening at 7pm ET:

ASSESSING THE MASSACHUSETTS AFTERMATH

- What Democrats & Republicans will do/should do now.
- What does this mean for ObamaCare? Financial regulation? Cap & trade?

Panel:

- *Mort Zuckerman, N.Y. Daily News Publisher; U.S. News & World Report Editor-in-Chief
- *Art Laffer, Chief Investment Officer, Laffer Investments; Fmr. Reagan Economic Advisor
- *Brian Darling, Director of Senate Relations at Heritage
- *Rep. Bart Stupak (D-MI)

CHINA, STOCKS & THE DOLLAR

CNBC’s Bob Pisani reports from the NYSE.

- *Andy Busch, BMO Capital Markets; CNBC Contributor
- *Peter Navarro, “The Coming China Wars” Author; University Of California - Irvine Business Professor

FHA INSURANCE

CNBC’s Diana Olick reports from Washington.

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

FISCALLY CONSERVATIVE BLOG FEEDS

Happy Anniversary, Mr. President [Cato at Liberty]

JAN 20, 2010 11:19A.M.

By David Boaz

I have some thoughts on Obama after one year at npr.org:

Happy anniversary, Mr. President. Scott Brown’s victory in Massachusetts is a rude ending to a year marked by falling poll ratings and growing opposition to his signature policy initiatives....


President Obama has several models to choose from: He could reverse his tax-spend-and-regulate policies and hope for the same economic and political results that Reagan achieved. He could, like Bill Clinton, recognize the political obstacles to his sweeping ambitions and learn to work with Republicans on modest reforms. He may well end up like Lyndon Johnson, with an ambitious domestic agenda eventually bogged down by endless war. But I don’t think his wished-for FDR model — a transformative agenda that is both popular and long-lasting — is in the cards.

Read it all. And be sure to hit “Recommend” at the top and add a Comment.

FISCALLY CONSERVATIVE BLOG FEEDS

McCaskill: No Forced Senate Bill [The Club for Growth]

JAN 20, 2010 10:47A.M.

From the Politico: Sen. Claire McCaskill (D-Mo.) has joined Sen. Jim Webb (D-Va.) in warning leaders not to try to push a revised health care reform bill through the Senate before newly elected Republican Scott Brown arrives. McCaskill said Wednesday morning that the agenda is moving McCaskill told POLITICO. 

FISCALLY CONSERVATIVE BLOG FEEDS

The 2010 Index of Economic Freedom [The Club for Growth]

JAN 20, 2010 10:20A.M.

The Heritage Foundation and the Wall Street Journal have released their excellent 2010 Index of Economic Freedom. re losing our economic freedom with each passing year. 

FISCALLY CONSERVATIVE BLOG FEEDS

FHA's New Stringent Standards [Cato at Liberty]

JAN 20, 2010 09:25A.M.

By Tad DeHaven


The Federal Housing Administration will reportedly announce more stringent lending requirements and higher borrowing fees. The move comes in response to growing concerns that rising losses on mortgages it insures will require a taxpayer bailout. Although any credit tightening is welcome, the agency will not propose an increase in the minimum downpayment, currently 3.5 percent. (Borrowers with credit scores below 580 will be required to put down a minimum of 10 percent, but most FHA lenders already require a 620 minimum score.)

Yesterday, the *Wall Street Journal* noted that "home builders are worried" the FHA would propose raising the minimum downpayment. The CEO of a Texas builder said it would be a "game changer," meaning that it would hinder the nascent housing recovery. However, other industry observers believe otherwise:

In markets where home values are still falling, buyers who put little money down could see their equity wiped out quickly. The FHA is "just manufacturing more upside-down

homeowners by the truckload in Arizona, California, and Nevada," says Brett Barry, a Phoenix real-estate agent who specializes in selling foreclosed homes.

FHA commissioner David Stevens counters that inhibiting lending by increasing downpayment requirements would "perpetuate" price declines. But falling prices are a painful, but necessary, correction needed to bring the housing market back into equilibrium. Government interventions in the wake of the housing bubble's burst have created an artificial cushion. Thus, any alleged housing recovery could prove illusory when the cushion is removed. In addition, the longer the government tries to prop up the housing market, the greater the economic distortions and risk to taxpayers.

The article cites the example of a 42-year-old air-conditioning repairman who just bought a house with the FHA minimum 3.5 percent downpayment. To meet the requirement he had to borrow part of the money from his father-in-law, which he then repaid with the \$8,000 first time homebuyer tax credit. He now has a \$1,466 monthly mortgage payment on a \$50,000 salary. Factoring in utilities and other homeownership costs, it's not inconceivable that half of his pre-tax salary will be devoted to just his home. Is it any wonder the FHA is experiencing large default rates? 

FISCALLY CONSERVATIVE BLOG FEEDS

Can Scott Brown's Election Stop the Federal Takeover...of Education? [Cato at Liberty...of Education?]

JAN 20, 2010 09:22A.M.

By Neal McCluskey

Yesterday, I wrote about President Obama's proposal to extend the Race to the Top program, this time letting school districts completely bypass state governments and apply directly to the feds for funding. I pointed out that the proposal was one among several troubling signs that Obama intends to put Washington fully — and, of course, unconstitutionally — in charge of American education. At the time, I didn't realize how right I was.


When I was writing yesterday I was basing my comments on documents from the White House's website and hadn't yet read the details of what went on at the President's photo-op announcing the proposed extension. I sure wish I had: At the dog-and-pony show, the President just came right out and said that he wants to push aside states — mentioned by name was famous holdout Texas — that dared to invoke the Constitution and not participate in a program that was, Constitution or no Constitution, *supposed to be voluntary*.

“Innovative districts like the one in Texas whose reform efforts are being stymied by state decision-makers will soon have the chance to earn funding to help them pursue those reforms,” intoned the President.

Fortunately, Texas Governor Rick Perry wasn't about to be cowed: “I will say this very slow so they will understand it in Washington, D.C.: Texas will fight any attempt by the federal government to take over our school system.”

So it's pretty certain now, more so even than just 24 hours ago: President Obama wants to federalize American education.

Thankfully, a lot can clearly happen in 24 hours. Yesterday's election of Scott Brown in Massachusetts could very well send shockwaves of fear through the ranks of Democratic (and maybe even Republican) legislators in DC, who might finally get the message that Americans just don't like federal takovers. Heck, perhaps even the President will get the message. If so, then maybe even something as relatively small as a \$1.35-billion scalpel designed to cut through states and get right at districts could be seen as too dangerous to handle.

That's speculation, of course, but we should know a lot more in just, oh, the next 24 hours. 

FISCALLY CONSERVATIVE BLOG FEEDS

Election Results for the MA-Sen Race [The Club for Growth]

JAN 20, 2010 08:41A.M.

Here are the county-by-county election results for the Massachusetts Senate race between Scott Brown and Martha Coakley. 