

23 February 2010

Today's Tabbloid

PERSONAL NEWS FOR Ign@limitedgovernmentnetwork.com

FISCALLY CONSERVATIVE BLOG FEEDS


PS: I Also Want to Take over Education [Cato at Liberty]

FEB 22, 2010 05:12P.M.

By Neal McCluskey

Andrew already blogged about it a bit, but overshadowed by the release of President Obama's price-controlling health-insurance proposal was his speech to the National Governors Association promoting the federal takeover of elementary and secondary school curricula. True, the White House would only require states to adopt some sort of "common" — not national and certainly not federal — standards to get federal funds, but don't accept the semantic dodge: If the feds are paying, the standards will not only be national, but *federal*.

Implicit in the President's proposal, as well as the rhetoric of many national-standards supporters, is that national standards will necessarily be *high* standards that push improved academic achievement. Unfortunately, these people have chosen to ignore actual tests of that proposition.

They can no longer: My latest Policy Analysis — *Behind the Curtain: Assessing the Case for National Curriculum Standards* — reviews the theoretical and empirical literature and shows that there is simply no convincing evidence that national standards drive higher academic achievement. Couple that with federal meddling in education being clearly unconstitutional, and the next critical battle in the war against Laviathan seems to be shaping up. And this time, we could very well be fighting for our children's minds. 

FISCALLY CONSERVATIVE BLOG FEEDS

The Small Matter of Abortion [Cato at Liberty]

FEB 22, 2010 05:07P.M.

By Michael F. Cannon

Newsweek's Sarah Kliff nicely summarizes why abortion could be THE issue that stops ObamaCare. I've made a similar argument in a paper on ObamaCare's individual and employer mandates.

Two factors seem most salient:

- 1. One side must lose.** ObamaCare would so infuse federal money into private insurance markets that either (A) taxpayers will be forced to pay for elective abortions, which would be unacceptable to pro-life Democrats, or (B) the restrictions necessary to prevent taxpayer funding would curtail access to private abortion coverage — even for women who don't receive federal subsidies — which would be unacceptable to pro-choice Democrats. Abortion is not one of those issues where opposing sides can meet in the middle. There's no way to, ahem, split the baby.
- 2. Abortion may be the one issue that Democrats care about more than health care.** Democrats may therefore prefer to let ObamaCare die than violate their principles on abortion. One can imagine pro-life Democrats saying, *Health reform, yes — but not at the expense of the unborn*, just as one can imagine pro-choice Democrats saying, *Health reform yes — but not at the expense of a woman's right to choose*.

No matter which way ObamaCare comes down on abortion, the legislation could lose enough House Democrats to fall short of the 218 votes needed to win. 

FISCALLY CONSERVATIVE BLOG FEEDS

Was it Terrorism? [Cato at Liberty]

FEB 22, 2010 04:56P.M.

By David Rittgers

A man with a gripe against the system crashed a plane into an IRS office. The first thing people ask is whether this was a crime or domestic terrorism as if the two categories are mutually exclusive.


The official definition is “the unlawful use of force and violence against persons or property to intimidate or coerce a government, the civilian population, or any segment thereof, in furtherance of political or social objectives” (28 C.F.R. Section 0.85).

Unlawful use of force and violence? Check.

Requisite grievance? Check. And how. If this manifesto is genuine, the man responsible had an axe to grind with the IRS, politicians, GM executives, drug and insurance companies, the Catholic Church, tax-exempt religious organizations generally, corrupt unions, Arthur Andersen executives, former Senator Patrick Moynihan, wealthy loan companies, his accountant, George W. Bush, communists, and capitalists.

That hasn't stopped people from trying to lay this man at the feet of political opponents.


This guy's political affiliation was “crazy.” Everyone should move on and not try to score political points with this incident.

Whether or not he meets the definition, it's better to deny this man and those like him any credibility with the word “terrorist.” As my colleague Jim Harper said (twice) about the man who shot Dr. George Tiller, this is an unproductive debate that fulfills their desire to be something more than a pathetic murderer. 

FISCALLY CONSERVATIVE BLOG FEEDS

UPDATED: Obamacare Raises Taxes by \$748 Billion Over the Next Decade [Americans for Tax Reform]

FEB 22, 2010 04:20P.M.

(Note: these estimates have been updated to reflect changes made in the effective date of the “Cadillac plan” excise tax relative to the Senate bill, and to reflect a report from Bloomberg... 

FISCALLY CONSERVATIVE BLOG FEEDS

Cato Institute Endorses Socialized Medicine [Cato at Liberty]

FEB 22, 2010 04:04P.M.

By Michael F. Cannon

That's about as believable a headline as the one on President Obama's health reform site.

Mr. Orwell, call your office. 

FISCALLY CONSERVATIVE BLOG FEEDS

In Praise of Libertarian Fickleness [Cato at Liberty]

FEB 22, 2010 04:00P.M.

By Jason Kuznicki

A few follow-ups on the post by David Boaz, below.

Libertarians are basically a sect of conservatives, say John Zogby & Zeljka Buturovic in the *National Review Online*. That's because libertarians care more about economics than about foreign policy, cultural, or other issues:

Let us for a moment [assume] that a person's ideology is solely determined by his policy views. And let us also assume that social and economic liberties can largely be disentangled and that libertarians are as close to liberals on social issues as

they are to conservatives on economic ones — a view implicit in the argument for libertarianism. Still, our data show that different aspects of ideology are not equally important for a person's ideological identity, and, somewhat ironically, that this is especially true of libertarians. For all their insistence that liberty has multiple facets, libertarians appear to cherish one of them much more than others.

Supporting data shows that 60% of self-described libertarians find "economics" more important than the "social/cultural," "foreign policy," "energy/environment" or "other/not sure" issue areas.

I'm not convinced. A common libertarian approach to *any* issue is to begin with the economics of that issue. Certainly it's true of energy and the environment. It's also very likely true of foreign policy, because wars aren't cheap, and it's at least plausibly true of social and cultural issues. Libertarians see economics everywhere, not just in "economic" policies. It's a common belief in our tribe that we are among the very few to grasp sound economic principles at all.

We can (and should) debate whether this is true, of course, but such is libertarian belief. And when conservatives abandon what we see as sound economics — as with the George W. Bush administration — well, we start looking for the exits.

Lately, though, it's been easy for libertarians to return to conservatism. To no one's great surprise, the Obama administration has continued the profligate spending. We may have hoped that the new administration would compensate in other areas, but this just hasn't happened. The Guantanamo Bay detention camp should have been closed by now. On military tribunals, search and seizure issues, indefinite detention, and our expensive, never-ending foreign wars, there's little difference between this administration and the last.

I don't want to say that libertarianism is dead. But is it endangered? Sure. It deserves to be.

If libertarians seem more conservative lately, it's not only that we've been pushed away by the left. Attendees at this year's CPAC ranked "reducing size of federal government" and "reducing government spending" as by far their highest policy priorities. They also chose Ron Paul as their preferred presidential candidate. Those same attendees even booed speaker Ryan Sorba for condemning gay Republicans:

(Though many seem to share it, I wouldn't personally trust Sorba's understanding of Aquinas.)

Today's young conservatives appear embarrassed by the culture wars, which must seem to them like a relic from someone else's past. Many young conservatives have known a literal state of war for their entire adult lives. They may not even remember the last balanced federal budget. And they know that putting a Democrat in the White House hasn't helped. Personally, I'm no conservative. But there is strength in fickleness, and if conservatives can do better, then good for them. 

FISCALLY CONSERVATIVE BLOG FEEDS

Net Neutrality Regulation: A Solution in Search of a Problem [Cato at Liberty]

FEB 22, 2010 03:40P.M.

By Jim Harper

This Reason.tv video illustrates the weak case for network neutrality regulation of Internet service providers.

In the AT&T case, which the video touches on, an AT&T web site blocked some (barely) controversial statements by Eddie Vedder—the Pearl Jam lead singer who stopped mattering a really long time ago. This was an error, and it was contrary to AT&T policy, according to this August 2007 story. Yet the example is one of a few used to argue for net neutrality regulations.

Do we really want the government treading *any* of this ground?

Most people would probably agree that web site operators should be free to publish or not publish whatever they want. Regulations barring web sites from editing out controversial political statements, or requiring them to broadcast them, would be facially unconstitutional. Strangely, proponents of net neutrality regulation tout this kind of regulation as a virtue at the Internet's transport layer. 

FISCALLY CONSERVATIVE BLOG FEEDS

The Red Team's Spin on The Christmas Bomber [Cato at Liberty]

FEB 22, 2010 03:39P.M.

By Gene Healy

In recent weeks, conservatives have worked themselves into a self-righteous lather over how the Obama administration handled the would-be Christmas bomber. It's a complaint you could hear again and again at last weekend's Conservative Political Action Conference: Mirandizing the 23-year-old Nigerian Muslim was a big mistake, the story goes, because it denied us valuable intelligence, and it's just so typical of Barack Obama's callow, weak, law-enforcement-oriented approach to the terrorist threat.

As a constitutional matter, I've never been entirely comfortable with

the *Miranda* decision, which smacks of judicial lawmaking, and I don't think liberty stands or falls on whether one failed terrorist got read his rights. In fact, I think Mirandizing Abdulmutallab was a pretty silly thing to do. The administration could and should have continued to question him and gather intelligence (and it's not as if you'd need his statements to convict when there were scads of witnesses aboard the plane).

Nonetheless, I still find it hard to see all the hubbub as much more than manufactured partisan outrage.

After all, Richard Reid, the failed shoe bomber of December 2001, was Mirandized repeatedly by George W. Bush's FBI, who, rather than questioning him for 50 minutes, read Reid his rights as soon as the Massachusetts states handed him over. That was barely two months after the largest terror attack in American history, at a time when we had good reason to fear that the terrorist threat was far greater than it now appears to be. Somehow, though, I don't recall hearing quite as much wailing and gnashing of teeth from the Right back then. Moreover, outside of the special pleading of former Bush officials, there's little evidence that Bush would have handled the situation much differently even if it happened much later in his tenure as president.

We're told that the Christmas Bomber's treatment reveals Obama's pusillanimous new paradigm for the War on Terror. But virtually anyone who's taken a serious look at Obama's terrorism policies has concluded they differ from Bush's mainly in terms of rhetoric, not substance. You can love the Bush approach or hate it, but if you're drawing a sharp distinction between his policies and Obama's, you're misinformed at best.

Jack Goldsmith, the former head of the Bush administration's Office of Legal Counsel, notes that the

premise that the Obama administration has reversed Bush-era policies is largely wrong. The truth is closer to the opposite: The new administration has copied most of the Bush program, has expanded some of it, and has narrowed only a bit. Almost all of the Obama changes have been at the level of packaging, argumentation, symbol, and rhetoric.

For instance, Goldsmith notes, the Obama team "has embraced the Bush view that, as a legal matter, the United States is in a state of war with al Qaeda and its affiliates, and that the president's commander-in-chief powers are triggered." Moreover, Obama's Justice Department "filed a legal brief arguing that the president can detain indefinitely, without charge or trial, members of al Qaeda, the Taliban, 'associated forces,'" et al.

The abortive plan to try Khalid Sheik Mohammed near Ground Zero has to count as Obama's dumbest political move since he tried to strongarm the Olympic Committee. But it hardly constitutes a repudiation of the Bush approach to terrorism. When the Bush Team was confident of winning, they tried terrorists in civilian courts — including Zacarias Moussaoui, the would-be 20th hijacker (tried and convicted in Alexandria, so horrifyingly close to the Pentagon!). And since the Obama


Team continues to use military tribunals, and reserves the right to imprison KSM indefinitely in the unlikely event he's acquitted, it's pretty hard to see their plan for selected civilian trials as a departure from Bush-Cheney — much less an attempt to curry favor with the ACLU.

James Carafano, the Heritage Foundation's homeland security guru, isn't the sort of guy who carries water for Barack Obama, but he recently told the *New York Times*

"I don't think it's even fair to call [Obama's policies] Bush Lite. It's Bush. It's really, really hard to find a difference that's meaningful and not atmospheric."

Atmospherics seem to matter a great deal to GOP partisans these days, though. Asked what specific policies Obama could adopt to reassure supposedly terrified Americans, Peter King, the ranking Republican on the House Homeland Security Committee (formerly R-Derry), could do no better than: "I think one main thing would be to — just himself to use the word terrorism more often."


The essence of King's complaint seems to be that, policies aside, Obama isn't stoking fear enough, isn't talking tough enough, and seems reluctant to act the part of "the strong father who protects the home from invaders." Forgive me if I'm unmoved. Thus far the discussion serves to remind one of the fact that, though Republicans talk a good game about reducing the size of government, when the rubber meets the road, they repair to reliable political gambits that allow them to duck the hard choices: flag-burning amendments, the Pledge of Allegiance, Terry Schiavo, and the like.

If you're sincerely concerned about the best way to handle terrorist suspects in the United States, then trying to score cheap political points isn't the best way to start the conversation. 

FISCALLY CONSERVATIVE BLOG FEEDS

ATR Will Rate Against a Cloture Vote on HIRE Act (So-Called "Jobs Bill") [Americans for Tax Reform]

FEB 22, 2010 03:25P.M.

This evening, the United States Senate will be voting on a cloture motion on the "Hiring Incentives to Restore Employment Act," erroneously dubbed the "jobs bill." ATR wi... 

FISCALLY CONSERVATIVE BLOG FEEDS

Are Libertarians a Political Force? [Cato at Liberty]

FEB 22, 2010 02:26P.M.

By David Boaz

Some lively debate this week on our papers on the libertarian vote and on the broader questions of how many libertarians there are, whether they're a voting bloc, and whether they might be targets for both parties. Ed Kilgore, managing editor of *The Democratic Strategist*, wrote in the *New Republic* that any possible alliance between liberals and libertarians is shown to have gone by the wayside in Cato's new paper, "The Libertarian Vote in the Age of Obama," even though, he says, "modern liberals and libertarians share common ideological roots in eighteenth and nineteenth century Anglo-American liberalism, ... these groups have a sociocultural affinity," and "New Democrats" are more sympathetic to libertarian arguments on technological progress and free trade. But they just can't work together in the age of Obama.

In *National Review* John Zogby and Zeljka Buturovic present some interesting data and conclude, "For the most part, libertarians are a fraction within the conservative coalition — not a stand-alone movement." They find that only 2 percent of poll respondents claim the label "libertarian," and those people rate themselves firmly to the center-right on a 9-point scale. At the Corner I respond:

"Libertarian" is an unfamiliar word to most people, even people who actually hold broadly libertarian views. Rasmussen found that 4 percent identified themselves that way, and a Center for American Progress poll found 6 percent — but 13 percent of young people.


But there are other ways to measure libertarian sentiment....we found that 14 percent gave libertarian answers to all three questions. Gallup asks two questions — one on the size of government, one on "promoting traditional values" — every year and finds about 20 percent of respondents give libertarian answers to both questions (23 percent in 2009)....

On the second point, yes, we've found that the 14-15 percent of libertarian voters we identify usually vote about 70 percent Republican. But not always. ... In 2004 George W. Bush got only 59 percent of the libertarian vote, and in 2006 libertarians gave only about 54 percent of their votes to Republican congressional candidates. ...

From the perspective of politicians and their advisers, I think it's fair to say that these libertarians are a not-entirely-reliable part of the broad Republican constituency. After the 2006 election ... the underreported story was a 24-point swing of libertarians away from Republican congressional

candidates between 2002 and 2006. That's a point Republican strategists — and Democrats — ought to ponder.

And there's a footnote that might become main text in the next few years: In 2008, even as libertarians generally returned to the 70 percent Republican fold, young libertarians (18 to 29) gave a majority of their votes to Obama. Maybe these younger voters will come to their senses. Or maybe the Republican brand just isn't very appealing to young voters (who are, for instance, strongly supportive of gay marriage and overwhelmingly supportive of gays in the military).

Find more data on the libertarian vote in the paper David Kirby and I did in 2006, "The Libertarian Vote," or in our just-published paper, "The Libertarian Vote in the Age of Obama," or in this possibly corroborating data from the Tarrance Group, which found that 23 percent of respondents described themselves as fiscally conservative but liberal or moderate on social issues. 

FISCALLY CONSERVATIVE BLOG FEEDS

The President's Unhealthy Proposal [Cato at Liberty]

FEB 22, 2010 02:20P.M.

By Alan Reynolds

The President's health care reform proposal is introduced by five bullet points, all of which are misleading at best.

The bullet points supposedly show that the proposal "puts American families and small business owners in control of their own health care."

In reality, the proposal would put *the federal government* in control of health insurance (which is not at all the same as health care). It would make it a federal crime for people to not buy insurance, or for insurers to offer plans that did not meet expensive federal mandates (such as insuring "children" up to the age of 26). The only families who would remain in control are those exempted from compulsory insurance because they can't afford it (which was supposedly the reason why people are not insured today). And the only small businesses that would remain in control are those who take care to not hire more than 50 people (one of many unexpected consequences).

Here are the five White House selling points, followed by my doubts:

1. **"It makes insurance more affordable by providing the largest middle class tax cut for health care in history, reducing premium costs for tens of millions of families and small business owners who are priced out of coverage today. This helps over 31 million Americans**

afford health care who do not get it today – and makes coverage more affordable for many more.”

1. Not true. It would make insurance more affordable for those who receive subsidies and *more expensive* for taxpayers who finance those subsidies. It would make insurance more affordable for those who wait until they have preexisting conditions to buy a “Cadillac plan,” and *more expensive* for those who have been paying for a high-quality plan for years. It would make insurance more affordable for those with adult children living at home, and *more expensive* for singles and childless couples. It would make insurance more affordable for obese alcoholic smokers and *more expensive* for people with a healthy diet and exercise. It is all about redistributing health.

1. The estimate that those lured into subsidized plans and Medicaid would otherwise be uninsured is largely false, as is the related illusion that the number of uninsured would drop by 31 million. Economists know from past expansions of taxpayer-financed benefits that such *giveaways mainly substitute for or “crowd out” benefits otherwise purchased by employers or individuals.*

2. “It sets up a new competitive health insurance market giving tens of millions of Americans the exact same insurance choices that members of Congress will have.”

2. Not true. Very few of the insurance companies who choose to participate in the large group plan for federal employees (75% financed by taxpayers) would also offer *individual* policies for relatively few people on the proposed exchanges. If the federal government made good on the President’s recent threats to slap *price controls* on premiums, no sensible insurers would participate. If the federal government attempted to impose Medicare-like reimbursement rates on doctors and hospitals, only second-rate doctors and hospitals would *accept* the insurance. Even the Mayo Clinic in Phoenix recently stopped accepting Medicare because Medicare payments (which “reform” would cut even more) don’t come close to covering expenses.

3. “It brings greater accountability to health care by laying out commonsense rules of the road to keep premiums down and prevent insurance industry abuses and denial of care.”


3. Not true. The thinly-veiled threat of Nixonian price controls on health insurers would drive capital out of the industry, and likely end in “cost-plus” regulations that are simply encourage higher costs. The next point deals with some of those “commonsense rules.”

4. “It will end discrimination against Americans with pre-existing conditions.”

4. Not true. Basing premiums on known health risks is not discrimination but sound actuarial practice. Compelling insurers to

charge similar rates to healthy and sick applicants makes no more sense than compelling them to charge the same rates to smokers and non-smokers. Compelling insurers to keep people on the plan even if they lie about their health or lifestyle must result in higher premiums for honest and/or healthy people.

5. “It puts our budget and economy on a more stable path by reducing the deficit by \$100 billion over the next ten years – and about \$1 trillion over the second decade – by cutting government overspending and reining in waste, fraud and abuse.”

5. Not true. The costly new subsidies and extra Medicaid spending could reduce future deficits only if taxes were increased even more than spending. By that logic, the President could propose \$99 trillion of new spending and \$100 trillion of new taxes and claim the result would put the government’s budget (as opposed to taxpayers’ budget) “on a more stable plan.” 

FISCALLY CONSERVATIVE BLOG FEEDS

Quote of the Day [The Club for Growth]

FEB 22, 2010 01:43P.M.

This whopper comes from pollster Charlie Cook: I s very hard. 

FISCALLY CONSERVATIVE BLOG FEEDS

Obama: CEO of America, Inc. [Cato at Liberty]

FEB 22, 2010 01:28P.M.

By Roger Pilon

Today Politico Arena asks:


Will President Obama’s proposal to block excessive rate increases by insurers help get a health care package through Congress?

My response:

Just where does President Obama think Congress finds the power to authorize the HHS secretary “to review, and to block, premium increases by private insurers, potentially superseding state insurance regulators”? My colleague David Boaz addresses the politics of this unseemly proposal just below. And elsewhere our colleague Michael Cannon offers a devastating economic critique of the proposal, citing White House

economic advisor Larry Summers, no less, on the folly of it all. But the constitutional question is what concerns me.

No doubt Obama, a former lecturer in constitutional law, believes that the power of Congress to regulate interstate commerce suffices to allow it to set private health insurance premiums. After all, once delegated to him, that same power allowed him, he believes, to take over auto companies, to fire corporate executives, to set their salaries, and to do, well, pretty much what he wanted in so many other areas. That's the modern executive state — the president as CEO of America, Inc. The irony, however, is that the commerce power was given to Congress for precisely the opposite reason — to ensure economic liberty, not to restrict it.

Facing state impediments to free interstate commerce, which had arisen under the Articles of Confederation, the Framers empowered Congress to check such restraints and to do the few other things needed to ensure a free national market. In fact, early in our history a Hamiltonian proposal that Congress undertake a national industrial policy — ObamaCare is a stark example of such a policy — was rejected outright by the Congress as beyond its authority. Obama's proposal speaks directly to how thoroughly we've turned the Constitution on its head. And as recent elections give evidence, the American people are coming increasingly to understand that. This proposal, I predict, will go nowhere. 

FISCALLY CONSERVATIVE BLOG FEEDS

New Lawsuit against DC Government [Cato at Liberty]

FEB 22, 2010 12:20P.M.

By Tim Lynch

Yesterday the *Washington Post* ran a nice profile about Tom Palmer and other DC residents who are challenging the constitutionality of regulations that make it a crime for people to bring their firearm outside of their residence for purposes of self-defense. Most criminal attacks occur outside the home (around 87%) and the criminals are armed and always have the advantage of choosing when they'll strike — and that's usually when there are no cops around.


Related Cato scholarship here. More here. 

FISCALLY CONSERVATIVE BLOG FEEDS

Monday Links [Cato at Liberty]

FEB 22, 2010 12:19P.M.

By Chris Moody

- Progressives are outraged that the Supreme Court overturned limits on corporate political advertising last month. Here's why they should be rejoicing.
- Policy forum today at Cato: "Will the Senate Health Care Bill Keep the Poor Poor?" Click here to watch live from 12:00-1:30 PM EST.
- Idea of the day: Cut the Commerce Department to boost real business.
- Harvard economist Jeffrey Miron: "Economists find weak or contradictory evidence that higher government spending spurs the economy. Substantial research, however, does find that tax cuts stimulate the economy and that fiscal adjustments—attempts to reduce deficits by raising taxes or lowering expenditure—work better when they focus on tax cuts."
- Cato's Ilya Shapiro wrapping up daily dispatches from the Winter Olympics in Vancouver. More here.
- Podcast: "How Many Libertarians?" featuring David Boaz. 

FISCALLY CONSERVATIVE BLOG FEEDS

Instant Analysis of Implicit Tax Rates in New Obama Proposal [Cato at Liberty]

FEB 22, 2010 11:58A.M.


By Michael F. Cannon

The Cato Institute had already scheduled a policy forum for noon today where the Urban Institute's Gene Steuerle and I will discuss the implicit tax rates in the House and Senate health care bills.

We've already been able to calculate the implicit tax rates that President Obama's new proposal would impose on low- and middle-income workers. We have also been able to calculate the incentives to drop coverage under the president's proposal. Upshot:

- The president's proposal would result in *higher* implicit tax rates on low-wage workers than the House and Senate bills.
- The president's proposal would result in *greater* incentives for

higher-income workers to drop coverage than under the House and Senate bills. That would cause insurance markets to unravel even faster.

Zip over to Cato **right now** to hear me present the results – or watch the forum streaming here. 

FISCALLY CONSERVATIVE BLOG FEEDS

Remember When National Standards Were Going to be “Voluntary”? [Cato at Liberty “Voluntary”?]


FEB 22, 2010 11:57A.M.

By Andrew J. Coulson

In a speech today to the National Governors’ Association, President Obama proposed that states do exactly as he tells them regarding national education standards, or his government will take their people’s money and not give it back. The applause was... light.

Under the president’s preferred reform to federal education law, states would have to bring their curriculum standards into line with his administration’s wishes or they would be denied their share of the \$14.5 billion education program known as “Title 1.”

But of course taxpayers in every state must pay for Title 1, whether or not the administration deigns to allow their children to participate. So the president wants to take their money and only give it back if they do as he says. The closest word I can think of to describe this arrangement is... extortion.

I’m fairly sure that’s not a central value underlying American greatness, but there’s another political entity that it does evoke. 

FISCALLY CONSERVATIVE BLOG FEEDS

Meet the New Plan, Same as the Old Plan [Cato at Liberty]


FEB 22, 2010 11:49A.M.

By Michael F. Cannon

Or it may even be worse.

This morning, President Obama released his latest health care blueprint, which he hopes will breathe life into his moribund effort to overhaul one-sixth of the U.S. economy. The new blueprint is almost exactly the same as the House and Senate health care bills that the public have opposed since July. It mostly just splits the difference between the two.


One new element, however, is the president’s proposal to impose a new type of government price control on health insurance premiums. I explain here how those price controls are a veiled form of government rationing that helped sink the Clinton health plan.

If anything, those price controls make the president’s new plan even more bureaucratic and government-heavy. The Senate bill would take an ill-advised stab at cost-control by imposing a tax on the highest-cost health plans. That president proposes to pare back that excise tax and instead have a panel of federal bureaucrats cap the growth in health insurance premiums for all health plans. Those new government powers could make it even harder for people to obtain the coverage and care that they need. 

FISCALLY CONSERVATIVE BLOG FEEDS

BREAKING: Tax Analysis of Obamacare Plan [Americans for Tax Reform]


FEB 22, 2010 11:47A.M.

Today, the White House released President Obama’s draft healthcare plan. Below is a comprehensive analysis of all the tax provisions. Where possible, scores have been assigned based on ear... 

FISCALLY CONSERVATIVE BLOG FEEDS

The New ObamaCare Plan [The Club for Growth]

FEB 22, 2010 11:47A.M.

Second verse, same as the first. s some media coverage: The Wall Street Journal The Washington Post The New York Times The POLITICO The Hill 

FISCALLY CONSERVATIVE BLOG FEEDS

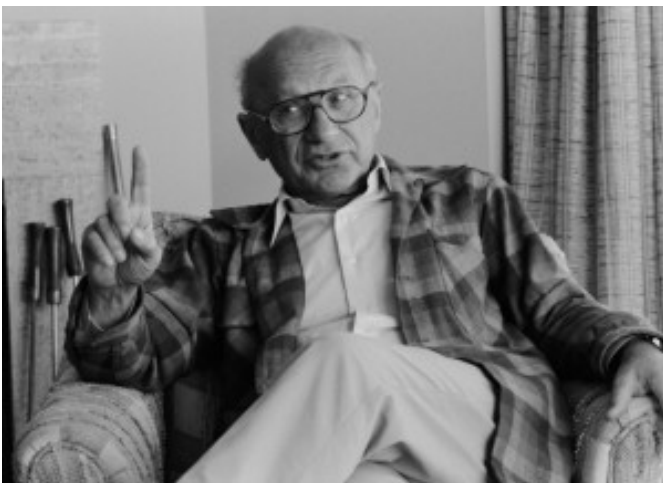
Arne Duncan Embraces False Friedman [Cato at Liberty]

FEB 22, 2010 11:44A.M.

By Neal McCluskey

In a shocking development, U.S. Secretary of Arne Duncan embraced the ideas of Milton Friedman today, championing the funding of students instead of schools! Unfortunately, it was in the context of higher education — Duncan and his boss have done all they can to destroy school choice elsewhere — and he completely misrepresented what Friedman said about higher ed, suggesting that the Nobel Laureate somehow endorsed the federal Direct Loan Program:


We will end the loans under the Federal Family Education Program and make them directly to students — just as economist Milton Friedman proposed 50 years ago, and just as the Department of Education has been doing since 1993 through the Direct Loan Program.



Were Milton Friedman still with us, I think he would be pretty miffed with Duncan. For one thing, 50 years ago there was no Federal Family Education Loan Program. Moreover, assuming Duncan is referring to

Friedman's "The Role of Government in Education," Friedman was clearly stating that if there is going to be any higher education aid it should go to students, not schools. And then there's this:


The resulting system would follow in its broad outlines the arrangements adopted in the United States after World War II for financing the education of veterans, *except that the funds would presumably come from the States rather than the Federal government* [italics added].

It's bad enough that Duncan and his boss reject Friedman's very wise and proven counsel when it comes to elementary and secondary education. It's even worse that Duncan then has the gall to blatantly lie about what Friedman wrote in an effort to sell a rotten and costly piece of federal legislation, the laughably titled Student Aid and Fiscal Responsibility Act. 

FISCALLY CONSERVATIVE BLOG FEEDS

Monday's Daily News [The Club for Growth]

FEB 22, 2010 11:44A.M.

The climate change debate has only just began, says Club for Growth board member Ken Blackwell. Six years later, Rick Santorum says he Crowding Out 

FISCALLY CONSERVATIVE BLOG FEEDS

A Fiscal Train Wreck [Cato at Liberty]

FEB 22, 2010 10:57A.M.

By Tad DeHaven

That is the title of a 2003 *New York Times* column by economist Paul Krugman. The gist of his column was that the Bush tax cuts and future entitlement program liabilities would usher in calamitous deficits. Setting aside the tax cut and entitlements issue, Krugman's comments on the dangers of deficits are interesting considering seven years later Krugman is one of the most prominent supporters of massive deficit spending to stimulate the economy.

Here are some selected Krugman quotes from the column:

With war looming, it's time to be prepared. So last week I switched to a fixed-rate mortgage. It means higher monthly payments, but I'm terrified about what will happen to interest rates once financial markets wake up to the implications of

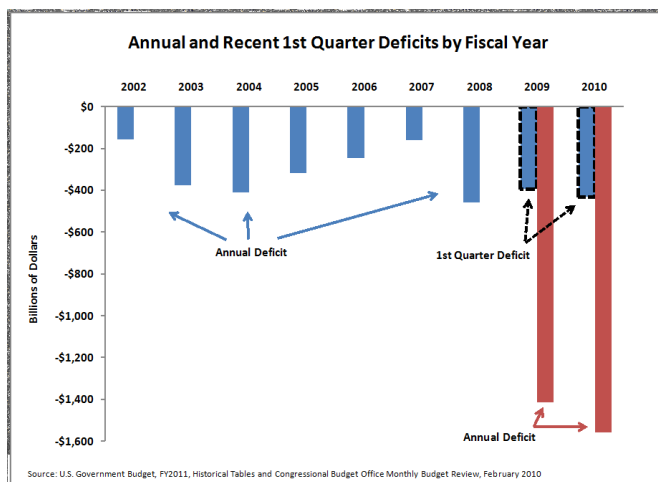
skyrocketing budget deficits.

Two years ago the administration promised to run large surpluses. A year ago it said the deficit was only temporary. Now it says deficits don't matter. But we're looking at a fiscal crisis that will drive interest rates sky-high. A leading economist recently summed up one reason why: 'When the government reduces saving by running a budget deficit, the interest rate rises.' Yes, that's from a textbook by the chief administration economist, Gregory Mankiw.

But my prediction is that politicians will eventually be tempted to resolve the crisis the way irresponsible governments usually do: by printing money, both to pay current bills and to inflate away debt. And as that temptation becomes obvious, interest rates will soar. It won't happen right away. With the economy stalling and the stock market plunging, short-term rates are probably headed down, not up, in the next few months, and mortgage rates may not have hit bottom yet. But unless we slide into Japanese-style deflation, there are much higher interest rates in our future.

Although this shouldn't be construed as an endorsement of George Bush's fiscal policies, the deficit for fiscal year 2003 when Krugman wrote his column was \$378 billion. The Congressional Budget Office just reported that the deficit for the first quarter of FY 2010 was \$434 billion.

The following chart shows the annual deficits from fiscal years 2002 through 2010 (projected). For 2009 and 2010 the first quarter deficit is also shown. In short, the two most recent first quarter deficits have been about \$100 billion higher than the average annual deficits run from 2002 to 2008.



In FY2003, the deficit was 3.4 percent of GDP – for FY2010 it's projected to be 10.6 percent. According to the President's optimistic FY2011 budget, annual deficits won't fall below 3.6 percent of GDP at any point in the next ten years.

Yes, Krugman believes that large deficit spending is necessary to turn the economy around. But that doesn't change the fact that his dire warnings about deficits in 2003 should apply to today's even larger deficits, especially now that we're even closer to an entitlement crisis. However, Krugman recently penned a column warning against "deficit hysteria" in which he makes comments that are more than just a little at odds with his 2003 column:

These days it's hard to pick up a newspaper or turn on a news program without encountering stern warnings about the federal budget deficit. The deficit threatens economic recovery, we're told; it puts American economic stability at risk; it will undermine our influence in the world. These claims generally aren't stated as opinions, as views held by some analysts but disputed by others. Instead, they're reported as if they were facts, plain and simple.

Yet they aren't facts. Many economists take a much calmer view of budget deficits than anything you'll see on TV. Nor do investors seem unduly concerned: U.S. government bonds continue to find ready buyers, even at historically low interest rates. The long-run budget outlook is problematic, but short-term deficits aren't — and even the long-term outlook is much less frightening than the public is being led to believe.

Scratching your head? I am too. 


FISCALLY CONSERVATIVE BLOG FEEDS

Open Source and Auto Safety [Cato at Liberty]

FEB 22, 2010 10:25A.M.

By Jim Harper

Tim Lee points to "The Toyota Recall and the Case for Open, Auditable Source Code."

Knowing how the technology in our cars work is not just a safety issue, but a privacy issue—and maybe even a tax issue. 

FISCALLY CONSERVATIVE BLOG FEEDS

The Return of Dan Coats [Cato at Liberty]

FEB 22, 2010 10:00A.M.

By David Boaz

Former Indiana senator Dan Coats is running for his old seat again, 12 years after he left Congress and turned the seat over the now-retiring Evan Bayh. Coats says he's very concerned that "our elected officials in Washington continue to run up massive deficits, recklessly borrowing and spending record amounts of taxpayer money with no regard for the future generations of Americans who will inherit this staggering and ever-increasing debt," and he has the support of conservative congressional leader Mike Pence. But I remember a Senator Dan Coats who enthusiastically promoted big, paternalist government. In the Heritage Foundation's Policy Review, I responded to a Coats essay on his "Project for American Renewal," launched with Bill Bennett, this way:

Coats says that the Project for American Renewal "is not a government plan to rebuild civil society" and that he favors "a radical form of devolution [that] would redistribute power directly to families, grass-roots community organizations, and private and religious charities." But in practice he apparently believes that the federal government should tax American citizens, bring their money to Washington, and then dole it out to sensible state and local programs and responsible private institutions. Surely we have learned that government grants do not create strong, creative, vibrant private organizations. Rather, organizations that depend on government funding will have to follow government rules, will be unable to respond effectively to changing needs, and will get caught up in games of grantsmanship and bureaucratic empire-building.

Moreover, nearly every one of his bills would further entangle the federal government in the institutions of civil society. Under the Role Model Academy Act, the federal government would "establish an innovative residential academy for at-risk youth." Under the Mentor Schools Act, the feds would provide grants to school districts wanting to develop and operate "same gender" schools. The Character Development Act would give school districts demonstration grants to work with community groups to develop mentoring programs. The Family Reconciliation Act would "provide additional federal funding . . . to implement a waiting period and pre-divorce counseling" for couples with children.

Many of these bills are intended to address real problems, such as the effects of divorce on children and the terrible plight of children trapped in fatherless, crime-ridden, inner-city neighborhoods. But why is it appropriate or effective for the federal government to intrude into these problems?

Surely local school districts should decide whether to build same-sex schools or residential academies for at-risk youth; and if the people of, say, Detroit decide that such options would make sense, any theory of responsible, accountable government would suggest that the local city council or school board both make that decision and raise the funds to carry it out.

Many of Coats's bills deal with symptoms — they try to reform public housing by setting aside units for married couples or to provide mentors for children without fathers — rather than dealing with the real problem, a welfare system that guarantees every teenager her choice of an abortion or an apartment if she gets pregnant. Some of the bills accept the federal Leviathan as a given and tinker with it — for instance, by requiring that every federal dollar spent on family planning be matched by another dollar spent on abstinence education and adoption services. Others just follow the failed liberal policy of handing out federal dollars for whatever Congress thinks is a good idea — school choice, restitution to crime victims, maternity homes, community crime-watch programs.

Over the past 60 years, we've watched the federal government intrude more and more deeply into our lives. We've seen well-intentioned government programs become corrupted by the ideologues and bureaucrats placed in charge. We've seen schools and charities get hooked on federal dollars. The nature of government doesn't change when it is charged with carrying out conservative social engineering rather than liberal social engineering.

Let's not forget that if, say, Coats's Maternity Shelter Act were implemented next year, Donna Shalala, the secretary of health and human services, would be charged with implementing it. She might appoint HUD assistant secretary Andrew Cuomo to run it, or maybe unemployed ex-congressman Mel Reynolds, or maybe just some Harvard professor who thinks single motherhood is a viable lifestyle option for poor young women. One reason conservatives shouldn't set up well-intentioned government programs is that they won't always be in power to run them.

In the *Washington Post*, after criticizing various Clinton administration policies that seemed to reveal that Democrats just couldn't give up their addition to big government, I wrote:

Republicans suffer from the same weakness. The latest example is the Project for American Renewal, launched Sept. 6 by William Bennett and Sen. Dan Coats (R-Ind.). Bennett and Coats endorse "devolution of federal authority and funding to state governments" but go on to argue that Republicans "need to offer a vision of rebuilding broken communities — not through government, but through those private institutions and ideals that nurture lives." They stress

that “even if government undermined civil society, it cannot directly reconstruct it.”

They talk the anti-big government talk even better than new Democrats, which is why the 1994 election saw a historic shift toward GOP. But look at the “be it enacted” clauses that follow of Bennett and Coats’s libertarian whereases.

As part of the Project for American Renewal, Coats has introduced 19 bills. They include:

- The Mentor Schools Act, to provide grants of \$1 million to school districts to develop “same gender” schools.
- The Role Model Academy Act, to establish an innovative residential academy for at-risk youth.
- The Kinship Care Act, to create a \$30 million demonstration program for states to use adult relatives as the preferred placement option for children separated from their parents.
- The Restitution and Responsibility Act, to provide grants to states for programs to make restitution to victims of crime.
- The Assets for Independence Act, to create a four-year, \$100 million demonstration program to establish 50,000 Individual Development Accounts, to be used for the purchase of home, college education or small business.
- The Community Partnership Act, to institute demonstration grants for programs to match communities of faith with welfare recipients and nonviolent criminal offenders.

And on and on it goes. Most of the goals are good: Some students do better in all-boys or all-girls schools; children who lose their parents should ideally live with other adult relatives; restitution is a valuable aspect of dealing with a crime. But why does the federal government need to do any of those things? If the 10th Amendment and the new-found commitment to devolution of power mean anything, they mean that residential academies, victim restitution and welfare reform should be undertaken by state governments – if not local communities or even nongovernment groups.

And surely the First Amendment would recommend that such a worthy goal as matching “communities of faith” – that is, churches – with people in need should be undertaken without government support. As for 50,000 Individual Development Accounts, I’d like one – wouldn’t you?

Like the Democrats, the Republicans just don’t get it. They’re

still living in the Washington that Roosevelt built, the Washington where if you think of a good idea you create a government program. But conservative social engineering, like liberal social engineering, will fail. Worse, it will create new problems.

Later that year Ed Crane, writing in *Cato Policy Report*, was perhaps even harsher, referring to the “vaguely Orwellian titles” of Coats’s proposed bills:

I mention that little episode because it is illustrative of a certain wide-eyed innocence on the part of many of our conservative friends. The most recent example is the Project for American Renewal being put forth by Sen. Dan Coats (R-Ind.) and neoconservative intellectual Bill Bennett, also of Empower America. It consists of some 19 bills that Coats has submitted in the Senate in an effort “to find some ways to nurture civil society.”


Most of the bills have vaguely Orwellian titles like the Compassion Credit Act, the Community Partnership Act, or the Family Reconciliation Act. Almost all of them amount to nothing more than conservative social engineering. The last bill, for instance, “would provide additional federal funding to states under the Family Preservation and Social Services Act, to implement pre-divorce counseling.” The Assets for Independence Act “would create a four-year \$100 million demonstration program to establish 50,000 Individual Development Accounts.”

Never mind that, again, one would search in vain for the enumerated power in the Constitution that says most of those initiatives are within the purview of the federal government. Never mind even that conservatives who celebrated James Buchanan’s Nobel Prize for his work in public-choice theory should recognize that those little conservative policy gems will one day grow into the liberal monsters that so disappoint Jack Kemp.

The concern here is that some conservatives have in the post-Reagan era adopted what might be called the government habit. That is particularly true of neoconservatives, who trace their intellectual heritage to the left and who, for the most part, have a fundamentally benign view of the state. The problem to them has not been the power of government but the misuse of that power by wrongheaded politicians and bureaucrats.

Thus, Bill Bennett writes in the introduction to a booklet promoting the Project for American Renewal, “If the liberal fallacy is an abiding faith in the all-sufficiency of government, then the conservative fallacy could easily become an abiding faith in the all-sufficiency of nongovernment.” Well, not if Dan Coats has anything to say about it. And Coats is more of a traditional conservative.

The argument one hears from many conservatives, particularly inside the Beltway, is that you can't replace something with nothing. But that sentiment simply reflects the government habit. After all, the American people are not "nothing." Why not rephrase the issue: you can replace a failed government welfare program that has wasted billions, created dependency, and destroyed lives with the responsiveness, compassion, and prudence of a free people.

We can hope that a dozen years out of public office will have restored Dan Coats's traditional Republican skepticism about government schemes. But as has been widely discussed, he's spent those years working as ambassador to Germany and then as a lobbyist on Pennsylvania Avenue, two places where faith in individualism, civil society, and limited government is rare. 


FISCALLY CONSERVATIVE BLOG FEEDS

Government-Mandated Spying on Bank Customers Undermines both Privacy and Law Enforcement [Cato at Liberty]

FEB 22, 2010 08:42A.M.

By Daniel J. Mitchell

I recently publicized an interesting map showing that so-called tax havens are not hotbeds of dirty money. A more fundamental question is whether anti-money laundering laws are an effective way of fighting crime — particularly since they substantially undermine privacy.

In this new six-minute video, I ask whether it's time to radically rethink a system that costs billions of dollars each year, forces banks to snoop on their customers, and misallocates law enforcement resources. 

FISCALLY CONSERVATIVE BLOG FEEDS

Obama's 'Best' Idea? Rationing Care via Clinton-esque Price Controls [Cato at Liberty 'Best' Idea? Rationing Care via Clinton-esque Price Controls]

FEB 22, 2010 08:41A.M.

By Michael F. Cannon

Hoping to revive his increasingly unpopular health care overhaul, President Obama has invited Republicans to a bipartisan summit this Thursday and plans to introduce a new reform blueprint in advance of the summit. On Sunday, the White House announced that a key feature of that blueprint will be premium caps, a form of government price control that helped kill the Clinton health plan when even New Democrats rejected it.

The New York Times reports on President Obama's blueprint:

The president's bill would grant the federal health and human services secretary new authority to review, and to block, premium increases by private insurers, potentially superseding state insurance regulators.

It bears repeating what Obama's top economic advisor Larry Summers thinks about price controls:

Price and exchange controls inevitably create harmful economic distortions. Both the distortions and the economic damage get worse with time.

For example, as I have written elsewhere, artificially limiting premium growth allows the government to curtail spending while leaving the dirty work of withholding medical care to private insurers: "Premium caps, which Massachusetts governor Deval Patrick is currently threatening to impose, force private insurers to manage care more tightly — i.e., to deny coverage for more services." No doubt the Obama administration would lay the blame for coverage denials on private insurers and claim that such denials demonstrate the need for a so-called "public option."

As the Progressive Policy Institute's David Kendall explained in a 1994 paper, the Clinton health plan contained similar price controls. Kendall explains why they would be a disaster:

In spite of the late hour in the health care debate, Congress has not yet decided how to restrain runaway health care costs. The essential choices are a top-down strategy of government limits on health care spending enforced by price controls or a bottom-up strategy of consumer choice and


market competition. History clarifies that choice: Previous government efforts to regulate prices in peacetime have invariably failed. Moreover, government attempts to control prices in the health care sector would undermine concurrent efforts to restructure the marketplace...

The idea of controlling costs by government fiat is seductively simple. But it rests on a conceit as persistent as it is damaging: that government bureaucracies can allocate resources more wisely and efficiently than millions of consumers and providers pursuing their interests in the marketplace. The alternative — one rooted in America's progressive tradition of individual responsibility and free enterprise — is to improve the market's ground rules in order to decentralize decision-making, spur innovation, reward efficiency, and respect personal choice.

As centrally planned economies crumble around the world, many in the United States seem bent on erecting a command and control economy in health care. This policy briefing examines the reasons why government price regulation would fail to constrain health care costs and create many adverse side effects...

Ultimately, government price regulation will always fail because it does not change the underlying economic forces driving up prices. If we are serious about slowing the growth of health care costs, we have to change the ways we consume and provide medical care. Price controls evade the hard but essential work of structural reform in health care markets: They are a quintessentially political response to an economic problem. The alternative is to allow well-functioning markets to set prices and allocate resources, while ensuring that all Americans have access to affordable health care coverage. The market-oriented approach leaves decisions to cost-conscious consumers and health care providers rather than bureaucrats.

Any of that sound familiar? It's worth reading the whole thing.

This is not hope. This is not change. (Much less a game-changer.) It is, to pinch a phrase, a return to "the failed theories that helped lead us into this crisis." 

FISCALLY CONSERVATIVE BLOG FEEDS

Keeping Pandora's Box Sealed [Cato at Liberty]

FEB 22, 2010 08:38A.M.

By Ilya Shapiro


The moment everyone was waiting for has arrived: The article Josh Blackman and I wrote, "Keeping Pandora's Box Sealed: Privileges or Immunities, *The Constitution in 2020*, and Properly Extending the Right to Keep and Bear Arms to the States," has officially come out in the *Georgetown Journal of Law & Public Policy*. (I previously blogged about this article here, among other places, and here's a recent reference on *Reason's* blog.) The journal thought enough of our work to publish it on page 1 of issue 1 of this year's volume.

We're also grateful to the journal editors for expediting the editing and publication process generally so that the article would come out in time for the *McDonald v. Chicago* argument. Indeed, that strategy is already paying off, with "Keeping Pandora's Box Sealed" having been cited in the petitioners' reply brief — not to mention Cato's amicus brief. The Georgetown JLPP has been cited in Supreme Court opinions the past two terms, so we're cautiously optimistic about our chance to continue this trend.

In addition to reading the article (also available on SSRN), you can also attend various presentations I'm giving in the next two weeks about *McDonald v. Chicago* and properly extending the right to keep and bear arms to the states:

- Feb. 23 at lunch — University of New Mexico Law School (sponsored by the Federalist Society) — "*McDonald v. City of Chicago* and Properly Extending the Right to Keep and Bear Arms"
- Feb. 25 at 1:30pm EST/10:30 PST — ABA Continuing Legal Education Teleconference — "Beyond Gun Control: *McDonald v. City of Chicago* and Incorporation of Bill of Rights" (registration fee, 1.5 hours of CLE credit)
- Mar. 1 at 4pm — Cato Institute Policy Forum — "*McDonald v. Chicago*: Will the Right to Keep and Bear Arms Apply to the States?"
- [Mar. 2 at 10am - Supreme Court argument in *McDonald* - I will be giving a statement to the media scrum on the marble steps afterward]
- Mar. 2 at 3:30pm — Georgetown University Law School — Post-Argument Discussion of *McDonald* and "Keeping Pandora's Box Sealed" (sponsored by the GJLPP and the Federalist Society)
- Mar. 3 at 12pm — Cato Institute Hill Briefing in B-340 Rayburn House Office Building - "*McDonald v. Chicago*: The Fourteenth

Amendment and the Future of Gun Rights“

You can also listen here to a half-hour podcast about “Keeping Pandora’s Box Sealed” that I recently recorded with the Independence Institute’s David Kopel (also a Cato associate policy analyst). 


FISCALLY CONSERVATIVE BLOG FEEDS

Great Moments in (Anti) Stimulus [Cato at Liberty]

FEB 22, 2010 08:35A.M.

By Daniel J. Mitchell

There were many reasons to oppose last year’s so-called stimulus legislation. But perhaps one of the most compelling reasons is that politicians and bureaucrats inevitably do really stupid things because the federal budget is a racket designed to funnel the maximum amount of money to powerful interest groups. Here’s a great example from a story linked on Kausfiles.com. A city in New Hampshire wanted to stick its snout in the trough in order to subsidize a water treatment plant, but eventually decided to reject the money because the local government’s out-of-pocket costs would increase – primarily thanks to corrupt rules designed to line the pockets of union bosses, but also because of protectionist requirements and a mind-boggling \$100,000 of paperwork expenses:

As stimulating as it might have sounded at the time, the city recently declined \$2.5 million from the American Recovery and Reinvestment Act for its new water treatment plant because federal wage regulations would have forced the city to pay more for the project. ...the low bidder – Penta Corporation – presented final cost of \$21 million with the stimulus funds and \$17.3 million without. So the city said thanks, but no thanks, to the stimulus funds. “It just didn’t make sense,” said Deputy Public Works Director David Allen. “It was going to cost us more money to take the money.” Stimulus funds mandate workers are paid using Davis-Bacon Wage Determination, which sets the pay scale for workers on federal projects and added \$2.5 million to the bottom line. The “Buy American” provision would’ve added another \$500,000 and Allen said there would have been significant administrative costs – upwards of \$100,000 – for the city to track it the way the government requires over the course of the two-year project. 

FISCALLY CONSERVATIVE BLOG FEEDS

Virginia to Enact Amazon Tax, Too? [Tax Foundation]

FEB 22, 2010 12:00A.M.

Earlier this month, our own Joseph Henchman spoke during a discussion panel at the National Press Club entitled “State Taxes on Internet Sales: Are ‘Amazon’ Laws the Answer?” Henchman reiterated our warning that Amazon taxes are unwise and likely unconstitutional.

On Tuesday, Virginia’s state senate approved a bill to adopt its own Amazon tax. If the House of Delegates approves it, then Virginia will join New York, Rhode Island, and North Carolina as the states that have this law on their books.

In the context of the nation’s troubled economy, the Amazon tax, currently termed as Senate Bill 660, may come off as a blissful “quick fix” solution. However, the possible revenue generated by this law would only cover a fraction of the state’s budget gap. Given that Amazon canceled its associates programs in Rhode Island and North Carolina (see “New York’s ‘Amazon’ Laws: Unconstitutional but Unwise,” by Edward A. Zelinsky (2010), p. 721), the revenue that Virginia officials expect from this tax may never arrive.

Amazon taxes help saturate our nation with conflicting and complicated tax codes. They also undermine transparency—SB 660 is not the product of prudent analysis. Although the state Department of Taxation places the expected revenue from the law at \$17 million, that figure ignores the likelihood that such a law will deter business from operating within the state.

Don’t Mess with Taxes blog author Kay Bell points out that the bill is unlikely to pass into law, given that Gov. Bob McDonnell (R) pledged on the campaign trail his staunch opposition to new taxes. Nonetheless, Amazon taxes are being contemplated in an increasing number of states. While some legislators view them as a “get rich quick” scheme, SB 660 and its sister laws across the nation harm simplicity, transparency, and stability in the tax system. 

FISCALLY CONSERVATIVE BLOG FEEDS

California Senate Passes Amazon Tax [Tax Foundation]

FEB 22, 2010 12:00A.M.

Below we note that Virginia is considering an "Amazon tax," which imposes a tax collection obligation on companies not present in a state. It's on the table in a number of states, despite its probable unconstitutionality and ineffectiveness at raising revenue.


California, too, now. California had actually passed an Amazon tax last year but it was vetoed by Governor Schwarzenegger. They're now trying again, and the bill (ABX8 8) has passed the State Senate. From a sponsor:

Amazon has "built an entire business model based on tax avoidance," said Assembly tax committee Chairman Charles Calderon (D-Montebello).

The state Senate approved the legislation Thursday as part of a deficit-reduction package, and it is expected to pass the Assembly as well.

Two quibbles. First, the tax being imposed here is legally owed by the *consumer*, not by the company. Rather than collecting the tax from the consumer, which it can do, California prefers to force an out-of-state company to be the bad guy. The constitutionality of this remains very questionable.

Second, businesses engaged in interstate commerce have always been treated differently than in-state businesses. That's mainly because states have always been eager to dump their tax burden on faceless non-voters like out-of-state companies. For two centuries states couldn't even tax interstate commerce because of this tendency. The Supreme Court relented in the 1960s and 1970s but state overreaching should still be a worry.

There is certainly a public policy choice between a few consumers not paying sales tax and states being able to impose all of their taxes on every individual and company nationwide. Our system of constitutional restraints on the power of states should inform that choice as well. 

FISCALLY CONSERVATIVE BLOG FEEDS

The Failure of Anti-Money Laundering Laws [Reason TV]

FEB 22, 2010 12:00A.M.

This Center for Freedom and Prosperity video examines anti-money laundering laws and finds that they are expensive and intrusive. These costs might be acceptable if the result was less crime, but this mini-documentary reveals that anti-money laundering policies are ineffective. As a former Reagan Administration official remarked, they undermine the fight against crime by misallocating law enforcement resources.

www.freedomandprosperity.org 
