

January 19, 2010

[Mark Steyn](#) posts on the Mass. race.

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[Jennifer Rubin](#) reports that in national security issues, the Obami may be waking up to reality.

[Michael Isikoff](#) reports:

*"Top administration officials are getting nervous that they may not be able to proceed with one of their most controversial national-security moves: trying Khalid Sheikh Mohammed and four other accused 9/11 conspirators in federal court in New York City. Last November Attorney General Eric Holder Jr. portrayed the trial as a way to showcase the American justice system to the world — and to accelerate President Obama's stalled plans to shut down the U.S. prison at Guantánamo Bay. But because of shifting political winds in Congress, the trial is now "potentially in jeopardy," a senior official, who did not want to be named talking about a sensitive situation, tells Newsweek. The chief concern: that Republicans will renew attempts to strip funding for the trial and, in the aftermath of the bombing attempt aboard Northwest Flight 253, pick up enough support from moderate Democrats to prevail."*

*It seems that Sen. Lindsay Graham and Rep. Frank Wolf will try to force votes in Congress to cut off funding for the trial. And one additional issue: the more than \$200 million price tag for each year of the trial. The kicker: "If Holder's plans are thwarted, though, one top administration official, who also didn't want to be named talking about delicate issues, notes there is a Plan B — reviving the case against the alleged 9/11 conspirators before a military tribunal, just as the Bush administration tried to do." ...*

*...But alas, that proved to be politically untenable and logistically difficult. We had three domestic terror attacks. The president was hammered for his clueless reserve and the Keystone Kops response to the Christmas Day bombing. So now being "not Bush" doesn't seem like such a good idea. It was born of arrogance and from a distorted view of the nature of our enemy. If Obama retreats on both this and Guantanamo, it will be a bitter pill for the Left and sweet vindication for those who kept us safe for seven and a half years after 9/11. But more important, it will be a step toward sanity in the administration's national security policies. And should Obama and Holder feel the sting of humiliation if forced to abandon their plans to shutter Guantanamo and give KSM a propagandistic platform, the White House may find that a small price to pay to sync up its anti-terror policies with both reality and public opinion.*

[Peter Wehner](#) on Obama's fall from grace.

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personality built up around Obama — not because of what he had achieved but because of what he seemed to embody. ("Maybe one day he'll do something to merit all this attention," Michelle Obama dryly told a reporter.)...

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This would hurt any president under any circumstances; for Barack Obama, whose allure was based almost entirely on his ability to convince the public that he embodied a "new politics," it has been doubly damaging. It was Hillary Clinton of all people who understood Obama best when she said during the campaign, "We have to make people understand that he's not real." ...

[Jennifer Rubin](#) brings up some excellent points about Obama campaigning in Massachusetts.

[Charles Hurt](#), writing of Obama's lackluster and belated appearance in Massachusetts on behalf of the listing campaign of Martha Coakley, observes:

"Obama told the crowd here yesterday that he needed Coakley in Washington because she is "independent." Really? Does anybody actually think that the reason Obama wants her in the Senate is that she would even dream of casting the deciding vote to kill the Democratic health-care bill? Absolutely not. The only reason Obama came here is because he needs somebody bought and paid for. By him."

This concisely sums up the problem that threatens to engulf Obama and whatever is left of the remnants of his campaign organization. He is a candidate deprived of a campaign. He is a community organizer with no one to organize against those who hold the levers of power. He holds the levers of power but without the executive acumen to bring the country along and to craft a successful, broad-based agenda. If not out of his depth, he is out of his milieu. ...

[Roger Simon](#) posts more on the Copenhagen summit of thieves.

I thought I was done writing about my trip to the UN Climate Conference in Copenhagen last December, but just when you think you're out, as Mario Puzo once put it, they pull you back in. And what did my pulling in in this instance was the [CBS report](#) on the amazingly lavish junket (well, not so amazingly really) of Nancy Pelosi & Co. to the Scandinavian capital. I learned therein that seventeen, count 'em seventeen, Members (many with spouses and even children) went to the conference with their staffs, utilizing three military jets and booking 321 hotel nights at the posh Copenhagen Marriott. The carbon footprint of all that – assuming you believe in AGW, and most of them claim to – was immense. The amount of serious discussion that went on was practically nil.

And, yes, needless to say, there's more, lots more, although LaPelosa has, also needless to say, resisted press inquiries about the details. She is now being bombarded, as she should be, by FOIA requests, so we will probably learn more anon. But the idea of all that absurd excess in the light of what is now going on in Haiti is particularly stomach-turning. ...

...In a way, that's what Copenhagen was about and why it was such a signal event. Everyone was playing a role. I doubt if a single person in the city changed their mind about anything, certainly not anything remotely to do with climate. It was just a game with no purposes other than spending money or trying to extort some – or posturing. ...

There is housecleaning to be done at the Pentagon. [Bill Bennett](#) writes about the politically correct report from the Pentagon on the Fort Hood massacre.

*...Here's the report I'd write and I can do it on less than one page: An Islamic terrorist was raised in the United States and given a pass throughout his professional career in the United States military. His allegiance was not to his country but to his radical religion. He told his colleagues of this again and again. He didn't set off signals, he set off sirens. And nothing was done. The military leadership didn't take his words seriously, even as we were at war with people saying the exact same things he was saying. And the culture of the Army that coddled him was too well-represented by the Army chief of staff who, after the rampage, said "As horrific as this tragedy was, if our diversity becomes a casualty, I think that's worse."*

*It was this thinking that led to us keeping Major Hasan in the Army and that diminished force protection. It was this culture that allowed a terrorist into the Army. It was this political correctness that led to the deaths of 14 innocents. And if you want to prevent another tragedy like this, you must end this infection of the mindset. I call it a tragedy because it was preventable. That it was not prevented is a shame on our institutions and indicative of a preemptive cultural surrender that I never thought would affect the U.S. military but, sadly, dangerously, has.*

*But the solution to these problems remains elusive because the military will not even mention the problem. And that, as Winston Churchill once put it, is why we still have a "Gathering Storm" coming, and not a near-victory in this, the Global War Against Islamic Terrorism.*

[Tunku Varadarajan](#) thinks that bankers should not receive huge bonuses this year.

*...Banks are making money because they're borrowing at ridiculously low rates from the public and central banks and then investing in higher-yielding government securities.*

*The banks receive deposits from savers (on which they pay negligible interest) and then leverage it several times by borrowing from other banks, or the central bank. LIBOR (the rate at which banks borrow from each other) as well as the Fed's discount window are below 0.5 percent. This is the cost of money to banks. The loot is then invested in government bonds, which are yielding anywhere from 3.75 percent to 4.75 percent in the U.S. and Europe.*

*This interest margin may not sound like much, but when applied to the trillions of dollars that make up various banks' balance sheets, it produces profits in tens, if not hundreds, of billions of dollars. For a well-leveraged bank, this is a safe "carry" trade as long as the value of government securities does not collapse. In fact, a bank would have to be incredibly inept not to make money in these circumstances. Awarding bankers bonuses is tantamount to paying them for not being certified cretins. ...*

*...Such action would also have shown up as specious the argument that "if we do not pay, the talent will go away." If tax measures were implemented globally, where would the talent go? Some of it, perhaps, to hedge funds. That would be an appropriate, even elegant, solution, because the kinds of risks some of the bankers were taking are best suited for hedge funds. As for the rest of the bankers... they should just stay put and expect to get paid when they start adding value, not merely leeching from public policy.*

[Robert Samuelson](#) gives an explanation for why investment bankers earn so well.

*...The explanation for Wall Street's high pay lies elsewhere. Most of us are paid based on what we produce or, more realistically, what our employers produce. By contrast, Wall Street compensation levels are tied to the nation's overall wealth. Investment banks, hedge funds, private equity firms and many other financial institutions trade stocks, bonds and other securities for their own profit. They also advise mutual funds, pension funds, endowments and wealthy individuals on how to invest and trade.*

*There's a big difference between annual production and national wealth. In 2007, the last year before the crisis, annual production (gross domestic product) equaled almost \$14 trillion. In the same year, household wealth was \$77 trillion (5.5 times production); that covered the value of homes, vehicles, stocks, bonds and the like. Eliminating nonfinancial assets (mainly homes) cut wealth to about \$50 trillion (3.5 times). Deducting household debts from financial wealth pushed net worth to \$35 trillion (2.5 times income).*

*People who are trying to protect or expand existing wealth are playing for much higher money stakes than even hard-working and highly skilled producers. That's the main reason they're paid more. Similar percentage changes in production and wealth translate into much larger gains or losses in wealth -- up to five times as much based on the crude math above. Many lawyers enjoy the same envious position of being paid on the basis of wealth enhancement or protection. They're involved in high-stakes mergers and acquisitions, estate planning, divorces and tax planning. On average, partners in the top 25 law firms earned from \$1.3 million to \$4 million in 2008, reports The American Lawyer magazine. ...*

If what you've heard about Obamacare makes you sick, get ready. [WSJ editors](#) tell us how Dems are buying off their union friends.

*Democrats seem impervious to embarrassment as they buy votes for ObamaCare, but their latest move makes even Nebraska's Ben Nelson look cheap: The 87% of Americans who don't belong to a union will now foot the bill for a \$60 billion giveaway to those who do.*

*The Senate bill was financed in part by a 40% excise tax on high-cost insurance coverage. The White House backs this "Cadillac tax" as one of the few remaining cost-control tokens. But Big Labor abhors the tax because union benefits tend to be far more generous than average, and labor leaders and House Democrats have been throwing a political tantrum for weeks.*

*So emerging from their backrooms, Democrats have agreed to extend a special exemption from the Cadillac tax to any health plan that is part of a collective-bargaining agreement, plus state and local workers, many of whom are unionized. Everyone else with a higher-end plan will start to be taxed in 2013, but union members will get a free pass until 2018.*

*Ponder that one for a moment. Two workers who are identical in every respect—wages, job, health plan—will be treated differently by the tax system, based solely on union membership. ...*

[Ed Morrissey](#) blogs about a headline that makes a farce of claims by Obamacare fans and green fascists.

*Like my friend Bruce McQuain at [QandO](#), I'm wondering whether Michael Moore will add [this](#) to a later edition of the [Sicko DVD](#). Twenty-six patients in a Cuban mental hospital died from hypothermia during an unusually cold winter in Havana...*

*...My goodness, it's a good thing that Michael Moore decided to lecture Americans on the superiority of the Cuban health-care system in his feature-length diatribe, isn't it? Otherwise, we wouldn't be demanding a government takeover of our own health-care system to achieve parity with Fidel's paradise.*

*I live in Minnesota, where it gets considerably colder than Havana for about six months out of the year. Our hospitals manage to keep patients warm, clean, and safe. When was the last time anyone heard of patients dying in an American hospital of hypothermia caused by their stay in the facility? According to my recollection, that would be, uh ... **never**. Where were the staff at this Cuban paragon of medical care? When it got cold, no one apparently thought to close windows, or give out more sheets and blankets, or bring in more heaters ... for hours. ...*



...Addendum: It's also worth pointing out that a mass of people dying of hypothermia in the tropics doesn't exactly bolster the claims of global-warming activists. ...

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## The Corner

### [The Scott Heard Round The World](#) [Mark Steyn]

Well, as a wintry election day dawns in [Massachusetts](#), I'll believe it when I see it. If all but one of [those polls](#) are right, Scott Brown now has a lead well beyond the margin of error. But, as that *Boston Globe* "Dead Heat!" headline suggests, it's not necessarily beyond the margin of Acorn, the margin of lawyer, and the margin of Franken-style recounts. On the other hand, if you're minded to (as MSNBC's electokleptomaniac Ed Schultz [recommends](#)) steal the vote, you don't really want to have to steal it big, on a Mugabe-esque scale.

However things turn out, the Dems have got a fright. I would be surprised if many candidates in November are quite the same spectacular combination of gaffe-prone stupidity and arrogance as [Martha Coakley](#). But, granted that, I was surprised at how incompetent the Democrat machine was. On Sunday, the President veered between dull and really, really lousy. He did what he did with his Olympics pitch in Copenhagen - he took the extraordinary step of flying in to save the day, and then when he got there thought he could wing it. He, or at any rate his minders, should know by now that his rhetoric is seriously underperforming - "[incoherent without his teleprompter and a bore with it](#)". Yet his staff allow him to stagger around as the last believer in his own magic. What sort of functioning pol would be so careless as to say "Everybody can own a truck"? He should talk to any New England dealership about that. As it happens, I bought a new truck last month and I've never seen the place so empty.

At the start of this campaign, the issues were [health](#) care and the economy. After "Ted Kennedy's seat" and "Curt Schilling the Yankees fan" and "only the little people campaign at Fenway", the genius Dems succeeded in making their own assumptions about one-party rule a very potent secondary issue. Very foolishly, Obama both underlined the regal hauteur of the Massachusetts machine - and simultaneously nationalized the election by portraying it as a referendum on the Hopeychange. If Martha now loses, he can't plead it's nothing to do with him.

## Contentions

### [Reversing Obama's Worst Decision Yet?](#)

by Jennifer Rubin

[Michael Isikoff](#) reports:

Top administration officials are getting nervous that they may not be able to proceed with one of their most controversial national-security moves: trying Khalid Sheikh Mohammed and four other accused 9/11 conspirators in federal court in New York City. Last November Attorney General Eric Holder Jr. portrayed the trial as a way to showcase the American justice system to the world — and to accelerate President Obama's stalled plans to shut down the U.S. prison at Guantánamo Bay. But because of shifting political winds in Congress, the trial is now "potentially in jeopardy," a senior official, who did not want to be named talking about a sensitive situation, tells *Newsweek*. The chief concern: that Republicans will renew attempts to strip funding for the trial and, in the aftermath of the bombing attempt aboard Northwest Flight 253, pick up enough support from moderate Democrats to prevail.

It seems that Sen. Lindsay Graham and Rep. Frank Wolf will try to force votes in Congress to cut off funding for the trial. And one additional issue: the more than \$200 million price tag for each year of the trial. The kicker: "If Holder's plans are thwarted, though, one top administration official, who also didn't want to be

named talking about delicate issues, notes there is a Plan B — reviving the case against the alleged 9/11 conspirators before a military tribunal, just as the Bush administration tried to do.”

This would be a stunning turnaround, an admission of Holder’s irresponsibility and of the Justice Department’s loony leftism. But this, of course, was part and parcel of Obama’s personal vision and his “not-Bush” approach to the war against Islamic fascists. Obama spent his campaign and the first year of his presidency eschewing the Bush anti-terror policies — employing enhanced interrogation techniques, maintaining Guantanamo, using military tribunals to prosecute terrorists — and pronouncing that they represented a betrayal of “our values.” He told us we’d rack up credit with ... with whom was never quite clear, but we’d rack up credit. Those who sought to incinerate innocents or who were attracted to the words of Major Hassan’s favorite imam (or was it the European elites who give out prizes for such foolishness?) would, presumably, be impressed. And we’d lure the butchers of children and women out of their mindset by impressing them with the wonders of the federal criminal procedure.

But alas, that proved to be politically untenable and logistically difficult. We had three domestic terror attacks. The president was hammered for his clueless reserve and the Keystone Kops response to the Christmas Day bombing. So now being “not Bush” doesn’t seem like such a good idea. It was born of arrogance and from a distorted view of the nature of our enemy. If Obama retreats on both this and Guantanamo, it will be a bitter pill for the Left and sweet vindication for those who kept us safe for seven and a half years after 9/11. But more important, it will be a step toward sanity in the administration’s national security policies. And should Obama and Holder feel the sting of humiliation if forced to abandon their plans to shutter Guantanamo and give KSM a propagandistic platform, the White House may find that a small price to pay to sync up its anti-terror policies with both reality and public opinion.

## Contentions

### [The Once-Appealing Barack Obama](#)

by Peter Wehner

Wednesday marks the one-year anniversary of Barack Obama’s inauguration. It has been, by almost any measure, a difficult and disappointing year for him and his party.

Mr. Obama now has the highest disapproval rating in Gallup’s history for a president entering his second year in office. According to a new Washington Post–ABC News poll, among independents, only 49 percent approve — the lowest of any of his recent predecessors at this point in their presidencies. (Obama has lost a stunning 18 points among independents in just a year’s time.) In November, Democrats suffered crushing defeats in the New Jersey and Virginia gubernatorial campaigns — and if Republican Scott Brown prevails in his race against Martha Coakley in tomorrow’s Senate election in Massachusetts, it will rank among the most important non-presidential elections in our lifetime.

It has been a staggering collapse by a president who entered office with enormous support and an unprecedented amount of goodwill.

The reasons for this slide include unemployment rates that are much higher than the Obama administration predicted, job growth that never materialized despite the president’s promises, a record-setting spending binge, a massive and hugely unpopular health-care proposal, and an agenda that is far too liberal for most Americans.

But there is another, and I think quite important, explanation that was reinforced to me while reading John Heilemann and Mark Halperin’s book, *Game Change*, which is a fascinating (and very well-written) account of the 2008 presidential campaign.

One is reminded once again of how the core of Obama’s popularity was an appeal not to policy or to a governing agenda; instead it was an appeal to thematics and narrative. “Obama cast himself as a figure

uncorrupted and unco-opted by evil Washington,” the authors write. He was the candidate who “promised to be a unifier and not a polarizer; someone nondogmatic and uncontaminated by the special-interest cesspool that Washington had become.” Obama’s appeal was romantic and aesthetic, built on the rhetoric of hope and change, on his “freshness and sense of promise.” A cult of personality built up around Obama — not because of what he had achieved but because of what he seemed to embody. (“Maybe one day he’ll do something to merit all this attention,” Michelle Obama dryly told a reporter.)

“We have something very special here,” Obama’s top political aide Axelrod is quoted as saying. “I feel like I’ve been handed a porcelain baby.” Axelrod tells Obama — dubbed by his aides as the “Black Jesus” — that voters were looking for “a president who can bring the country together, who can reach beyond partisanship, and who’ll be tough on special interests.”

That was what we were promised. What we got instead is a president who increased the divisions in our nation, the most partisan and polarizing figure in the history of polling, one who is dogmatic and has been as generous to special interests as any we have seen. The efforts to buy votes in pursuit of the Obama agenda has added sewage to the cesspool.

This would hurt any president under any circumstances; for Barack Obama, whose allure was based almost entirely on his ability to convince the public that he embodied a “new politics,” it has been doubly damaging. It was Hillary Clinton of all people who understood Obama best when she said during the campaign, “We have to make people understand that he’s not real.”

Not real indeed. Obama’s stirring call for Americans to reject the “politics of cynicism” was itself deeply cynical. Perhaps none of this should come as a surprise. After all, Heilemann and Halperin write, Axelrod was “a master of the dark arts of negative campaigning.” The first major profile of him, more than 20 years ago, was titled, “Hatchet Man: The Rise of David Axelrod.”

Obama and Axelrod might have been able to get away with this if Obama’s presidency had been viewed as successful and skilled. But it’s not. And when combined with the growing realization that Obama is not up to the task of governing, that he is pursuing policies that exacerbate our problems and takes us down a wrong and even perilous path, it is poison. The toxicity is such that what was once unthinkable now seems more likely than not: Democrats losing the Senate seat held by Ted Kennedy for almost half a century. And even if they don’t, 2010 is shaping up to be a perfectly awful year for Democrats. It’s a safe bet that in response they and their allies will lash out in rage, angry at the perceived injustice of it all, furious at the fate that has befallen them. They will blame Obama’s predecessor, Republicans in Congress, the conservative movement, angry white males, Fox News, Sarah Palin’s tweets, and the wrong alignment of the stars. It won’t work.

Having created a myth, they must now live with its unmasking.

## Contentions

### [Missing the Campaign](#)

by Jennifer Rubin

[Charles Hurt](#), writing of Obama’s lackluster and belated appearance in Massachusetts on behalf of the listing campaign of Martha Coakley, observes:

Obama told the crowd here yesterday that he needed Coakley in Washington because she is “independent.” Really? Does anybody actually think that the reason Obama wants her in the Senate is that she would even dream of casting the deciding vote to kill the Democratic health-care bill? Absolutely not. The only reason Obama came here is because he needs somebody bought and paid for. By him.

This concisely sums up the problem that threatens to engulf Obama and whatever is left of the remnants of his campaign organization. He is a candidate deprived of a campaign. He is a community organizer with no one to organize against those who hold the levers of power. *He* holds the levers of power but without the executive acumen to bring the country along and to craft a successful, broad-based agenda. If not out of his depth, he is out of his milieu.

The familiar campaign environment deprives Obama of three elements that were essential to his meteoric rise. First, he lacks a constant and inept opponent. Goodness knows he's tried to re-create a string of new enemies – Fox News, Gallup, the Chamber of Commerce — but their multiplicity and the absurdity of characterizing all bad news as illegitimate and venal have undermined his gambit. Second, he must leave aside the puffy generalizations and that blank slate onto which diverse and contradictory forces projected their hopes and dreams. Again, he has tried to re-create and preserve ambiguity (e.g., refusing to draft his own health-care proposals), but governing alas is still choosing, and his choices have offended more than half the country, according to a good number of polls.

And finally, Obama's favorite tactic — blaming George W. Bush and his administration for just about everything – is now faltering. While tangling with Dick Cheney never was all that successful, the fixation with the Bush team has become an obnoxious political tic and serves only to undercut his claim to be the Truman-esque buck-stops-here president. [Noemie Emery](#) aptly describes:

The Blaming Bush mantra is starting to fade in effectiveness. It was one thing early on when it was the real Bush being weighed against the ideal Obama, who had never been tried, and so never failed at anything, and who one could dream would do everything perfectly. The real Bush against the real Obama is a whole other story, as the problems that stymied the 43rd president show no signs of yielding to the 44th's charms. The terrorists hate us, and still want to kill us. Unemployment is high, stimuli notwithstanding. Closing Guantánamo Bay isn't that easy. Iran and North Korea haven't unclenched their fists.

It is not hard to figure out why Obama has recycled campaign tactics, even when they have lost their utility and are ill-suited to the presidency. They are comfortable and no doubt recall better days, when Obama was the master of the political battlefield, when the media swooned, and when he could do no wrong. Unfortunately, he must now govern, and his repertoire of skills and his favorite rhetoric are of little use — no matter how often he goes to the well of campaign tricks.

## **Roger L. Simon**

### **[Copenhagen Revisited: Nancy's Climate Bacchanal](#)**

I thought I was done writing about my trip to the UN Climate Conference in Copenhagen last December, but just when you think you're out, as Mario Puzo once put it, they pull you back in. And what did my pulling in in this instance was the [CBS report](#) on the amazingly lavish junket (well, not so *amazingly* really) of Nancy Pelosi & Co. to the Scandinavian capital. I learned therein that seventeen, count 'em seventeen, Members (many with spouses and even children) went to the conference with their staffs, utilizing three military jets and booking 321 hotel nights at the posh Copenhagen Marriott. The carbon footprint of all that – assuming you believe in AGW, and most of them claim to – was immense. The amount of serious discussion that went on was practically nil.

And, yes, needless to say, there's more, lots more, although LaPelosa has, also needless to say, resisted press inquiries about the details. She is now being bombarded, as she should be, by FOIA requests, so we will probably learn more anon. But the idea of all that absurd excess in the light of what is now going on in Haiti is particularly stomach-turning.

All this has brought my mind back to Copenhagen and to the Marriott where I met two of those Congressmen. I remember visiting the hotel well, because the security to get inside was some of the tightest I had ever seen. With climate scientist Tom Harris, I walked the equivalent of several blocks past the hotel in the freezing wind and snow to a security tent where we were told we had to enter. They checked



everything... well, not our undershorts – maybe they would have a couple of weeks later... until we were allowed into the inner sanctum of the hotel where the lobby and corridors were patrolled by the local SWAT team in bullet proof vests. They were dodging waiters pushing room service trolleys laden with drinks and hors d'oeuvres. The hotel, I was told, was filled with more world leaders than a special meeting of the UN General Assembly, most of them from the Third World and eager to feed at the climate trough. We were there to interview Cong. Sensenbrenner who was indeed waiting for us and seemed to be all business [when I talked to him](#). The man was, and I assume is, outraged by the cap-and-trade legislation from a business perspective – and undoubtedly correctly – but I was more interested in the misuse of science – something that has, in my view, even greater implications.

It was only minutes later that I ran into Charlie Rangel in the hotel gift shop. You may have seen my [brief interview](#) on PJTV. But I would like to take a second to amplify the story of our interaction. I first noticed Rangel when I was half way out the front door of the hotel. For some reason I had turned backwards toward the gift shop – maybe the way the door revolved – and there was the Congressman from New York. For a second I couldn't believe my eyes. What was *he* doing there? But of course that was only for a second. For I realized that where there was a boondoggle to be had, Charlie would be there.

He was wearing an elegant topcoat that had Armani or Versace written all over it and was peering into a case of what I knew to be expensive jewelry. This was the Marriott, in *Copenhagen*, after all. Nothing cheap there. The locals had even told me they crossed over into Sweden just for an inexpensive lunch. But Rangel had his head down close to the jewels, contemplating. I pointed him out to Tom Harris, but the scientist – a Canadian- didn't know who the Congressman was. (I liked Harris for that). When I explained, it was Harris who suggested I interview him. I knew instantly he was correct and walked back into the hotel, through the door of the gift shop and up to Rangel, greeting him with a big smile. He started to search my face to see if he recognized me, but before he made a decision, I asked him for an interview. The strategy worked because his vanity got the better of him, momentarily overcoming the natural wariness of a politician under investigation by the House Ethics Committee. Rangel might have been a little tipsy also, but I couldn't be sure.

Anyway, it didn't last long. By the time I asked him what he thought of the Climategate revelations, the man knew he was in the wrong place and was looking for the gift shop door. He quickly told me that AGW was “settled science” and bolted. This was a man who obviously knew about as much about climate science as he did about ethics, probably less because science wasn't about to kick him out of office or cost him substantial sums of money at this point. As he disappeared into the hotel I had the sense he was remonstrating with himself for being such an idiot as to talk with me. Well, that's what happens when you're out of the country. The terrain shifts and you're off your game.

Nevertheless, I had my interview, paltry as it was. Truth to tell, I had always liked Charlie, still do, in the way you like certain characters in the Godfather movies, speaking of Puzo. He comes right out of that world. At least you know where you are with that type. And they are good to their friends. When it's to their advantage, anyway.

In a way, that's what Copenhagen was about and why it was such a signal event. Everyone was playing a role. I doubt if a single person in the city changed their mind about anything, certainly not anything remotely to do with climate. It was just a game with no purposes other than spending money or trying to extort some – or posturing.

I saw a lot of the latter, but never so clearly as when I ran into a journalist acquaintance on the street – the kind of person about whom you wonder what he is doing here half way across the world and then you realize of course he's here – how could he not be? The man is an editor of a well known left-wing publication – no, I won't name him, but he is familiar to some who are reading this – and he greeted me with the words “What're *you* doing here? Trying to destroy the world?” He said that with a jocular tone, but it was easy to tell he meant it in the way you use a joke to let loose on your enemy while pretending you're just being funny. He wanted me to know he thought I wanted to destroy the world because I didn't believe in AGW. And he wanted me to feel guilty about it. Though no genius, this man is intelligent and he knows better, but he

couldn't control himself. He wanted me to bleed. In Copenhagen, we weren't in the land of nuance, even liberal nuance, which isn't genuine nuance anyway.

I was with a couple of people from a British libertarian think tank and for a moment the four of us stood there awkwardly in front of a freezing Metro station, not saying anything. I was in my own way pretty angry with the editor but had decided not to react. I didn't want to give him the pleasure of responding to his snotty insult, so I ignored it. I also felt it was useless to tell him what I really thought – that he, not I, was the "Enemy of the Earth," swallowing, as he did, the whole AGW charade that was sucking the air out of true environmental issues as simple and crucial as clean water. I knew the man had no chance of hearing me. He was a True Believer par excellence.

Meanwhile, on a far more significant front, [Chris Horner](#) has finally received the first round of documents from his FOIA request against NASA's Goddard Institute for Space. It's going to make fascinating reading. Already available at the link is this piquant email from the NYT's Andrew Revkin to James Hansen, regarding the temperature data stations being used: *i never, til today, visited <http://www.surfacestations.org> and found it quite amazing. if our stations are that shoddy, what's it like in Mongolia?*

Not very politically correct of Mr. Revkin to insult Mongolia like that, but I take his point.

## The Corner

### [Pentagon Whitewash](#) [Bill Bennett]

There are devastating and important things happening in the news. Lest we forget, though: We are still in a war against Islamic Terrorism. And it still happens in America. November is not so far away that it deserves forgetting or whitewashing: An Arab terrorist named Nidal Hasan went to a health-care center, in a fort — at an Army base — in Texas, and opened fire killing 14 people while he shouted "Allahu Akbar." But you would not know this if you read [the Pentagon Report](#) on the massacre released Friday.

Titled, "Protecting the Force: Lessons from Fort Hood," this [80-plus page report](#) mentions the words "Islam" and "Muslim" not once. Not once. It refers to Hasan as a "gunman." As Ralph Peters put it, the report is "not about what happened at Fort Hood." And "It avoids entirely the issue of why it happened."

You can read that "low self-esteem, depression, and anger are tied to many different types of violence" in the report. You can read about "workplace violence" and "disgruntled employees" in the report. You can read about "Motivations for domestic terrorism" such as "animal rights," "white supremacy," and "religious intolerance" thrown in on equal par among other factors that simply were not in play here in the report. And you can read the grand conclusion that "Religious fundamentalism alone is not a risk factor; most fundamentalist groups are not violent, and religious-based violence is not confined to members of fundamentalist groups."

But you would be reading a complete and total whitewash. You'd be reading a lie of a report. But that is what the Pentagon has produced.

Here was a situation where an Islamist reached out to Islamist imams like Anwar Awlaki who has worked with other terrorists, including 9/11 hijackers. Where he had a business card that read "Soldier of Allah," Where he yelled "Allahu Akbar" as he opened fire on fellow soldiers and Americans. Where he delivered a lecture and said "non-Muslims were infidels condemned to hell who should be set on fire." Where he told his neighbor the morning he set off on his rampage that "I'm going to do good work for God." Where he said his allegiance was "to sharia law" not "American law" when asked by his colleagues. Where his classmates said "no one would...have trusted him with anything."

And yet he was made a major. And yet he was educated by the U.S. military. And yet he was kept in the U.S. military. And he then went to war with the United States.

You want to save time and money? Dispense with these reports from on high. Here's the report I'd write

and I can do it on less than one page: An Islamic terrorist was raised in the United States and given a pass throughout his professional career in the United States military. His allegiance was not to his country but to his radical religion. He told his colleagues of this again and again. He didn't set off signals, he set off sirens. And nothing was done. The military leadership didn't take his words seriously, even as we were at war with people saying the exact same things he was saying. And the culture of the Army that coddled him was too well-represented by the Army chief of staff who, after the rampage, said "As horrific as this tragedy was, if our diversity becomes a casualty, I think that's worse."

It was this thinking that led to us keeping Major Hasan in the Army and that diminished force protection. It was this culture that allowed a terrorist into the Army. It was this political correctness that led to the deaths of 14 innocents. And if you want to prevent another tragedy like this, you must end this infection of the mindset. I call it a tragedy because it was preventable. That it was not prevented is a shame on our institutions and indicative of a preemptive cultural surrender that I never thought would affect the U.S. military but, sadly, dangerously, has.

But the solution to these problems remains elusive because the military will not even mention the problem. And that, as Winston Churchill once put it, is why we still have a "Gathering Storm" coming, and not a near-victory in this, the Global War Against Islamic Terrorism.

*William J. Bennett is host of Morning in America.*

## Daily Beast

### Wall Street's Dirty Little Secret

***The biggest problem with 2009's megabonuses is economic, not moral. How Wall Street made money soaking savers and taxpayers, rather than adding value.***

by Tunku Varadarajan

Bankers do not deserve bonuses this year, at least not in the Western world. And I don't say this from atop some moral or aesthetic or populist high horse. Instead, my arguments are mostly economic.

Banks are making money because they're borrowing at ridiculously low rates from the public and central banks and then investing in higher-yielding government securities.

The banks receive deposits from savers (on which they pay negligible interest) and then leverage it several times by borrowing from other banks, or the central bank. LIBOR (the rate at which banks borrow from each other) as well as the Fed's discount window are below 0.5 percent. This is the cost of money to banks. The loot is then invested in government bonds, which are yielding anywhere from 3.75 percent to 4.75 percent in the U.S. and Europe.

This interest margin may not sound like much, but when applied to the trillions of dollars that make up various banks' balance sheets, it produces profits in tens, if not hundreds, of billions of dollars. For a well-leveraged bank, this is a safe "carry" trade as long as the value of government securities does not collapse. In fact, a bank would have to be incredibly inept *not* to make money in these circumstances. Awarding bankers bonuses is tantamount to paying them for not being certified cretins.

In my fantasy world, the entire bonus caboodle—every last cent—would go to the reconstruction of Haiti. A more realistic scenario would be for most of the money to go to the central banks and departments of treasury around the developed world that have done all of the heavy lifting. After all, the source of the banks' profitability is policymakers' actions, not bankers' skill or their managements' leadership.

The balance should go to savers. A forensic analysis of the banking system's trading books would show that it is the savers and the taxpayers who provided banks with the bulk of their profits last year. According to Bloomberg, personal savings rates in the U.S. have gone from negligible numbers to about 4 percent-6

percent in the past year. That is \$500 billion to \$700 billion of additional savings, a lot of which is sitting in low-interest bank accounts. M2 data suggests that in the last 12 months, the savings stock in the U.S. banking system has risen by about \$700 billion. All of this money is then leveraged and invested in risk-free bonds issued by the Treasury.

We are now on the verge of President Obama's "Corporate Responsibility Fee." But an opportunity was missed in December when the U.K. Chancellor of the Exchequer Alistair Darling fired the first major bonus-tax salvo. He should have corralled his counterparts in the developed world to tax bank bonus pools at about 90 percent, instead of at the 50 percent he announced. A combined assault on bonuses would have greatly enfeebled bankers' resistance.

Such action would also have shown up as specious the argument that "if we do not pay, the talent will go away." If tax measures were implemented globally, where would the talent go? Some of it, perhaps, to hedge funds. That would be an appropriate, even elegant, solution, because the kinds of risks some of the bankers were taking are best suited for hedge funds. As for the rest of the bankers... they should just stay put and expect to get paid when they start adding value, not merely leeching from public policy.

*Tunku Varadarajan is a national affairs correspondent and writer at large for The Daily Beast. He is also a research fellow at Stanford's Hoover Institution and a professor at NYU's Stern Business School*

## Washington Post

### The Wall Street Pay Puzzle

by Robert Samuelson

WASHINGTON -- Why does Wall Street make the big bucks? A nation with 10 percent unemployment is understandably puzzled and outraged when the very people at the center of the financial crisis seem to be the first to recover and are pulling down fabulous pay packages. At Goldman Sachs, the average bonus for 2009 has been estimated at nearly \$600,000; at JPMorgan Chase's investment bank, it's been reckoned at around \$400,000. These averages conceal multimillion-dollar bonuses for top traders and investment bankers; underlings get smaller sums. Are Wall Street's leaders that much smarter and more industrious than everyone else?

By their own admission, they're not. Testifying last week to a congressionally created commission, Wall Street CEOs conceded that their errors contributed directly to the crisis. Wall Street money moguls may be bright and diligent, but they're not unique. It's where they work -- not who they are -- that's so enriching. A study of Harvard graduates found that those who went into finance "earned three times the income of other graduates with the same grade point average, demographics and college major," reports Harvard economist Lawrence Katz, the study's co-author.

Is it possible that what Wall Street does is three times more valuable to society than other well-paid occupations? That's hard to believe. It's not that Wall Street is just the vast casino of popular imagination. It helps allocate capital, which -- done well -- promotes a vibrant economy. In 2007, Wall Street firms enabled businesses to raise \$2.7 trillion from the sale of stocks, bonds and other securities. But Wall Street sometimes misallocates capital, as the 1990s' "tech bubble" and today's crisis painfully remind. The huge social costs (high unemployment, lost income) refute the notion that Wall Street consistently creates exceptional economic value that justifies exceptional compensation.

The explanation for Wall Street's high pay lies elsewhere. Most of us are paid based on what we produce or, more realistically, what our employers produce. By contrast, Wall Street compensation levels are tied to the nation's overall wealth. Investment banks, hedge funds, private equity firms and many other financial institutions trade stocks, bonds and other securities for their own profit. They also advise mutual funds, pension funds, endowments and wealthy individuals on how to invest and trade.



There's a big difference between annual production and national wealth. In 2007, the last year before the crisis, annual production (gross domestic product) equaled almost \$14 trillion. In the same year, household wealth was \$77 trillion (5.5 times production); that covered the value of homes, vehicles, stocks, bonds and the like. Eliminating nonfinancial assets (mainly homes) cut wealth to about \$50 trillion (3.5 times). Deducting household debts from financial wealth pushed net worth to \$35 trillion (2.5 times income).

People who are trying to protect or expand existing wealth are playing for much higher money stakes than even hard-working and highly skilled producers. That's the main reason they're paid more. Similar percentage changes in production and wealth translate into much larger gains or losses in wealth -- up to five times as much based on the crude math above. Many lawyers enjoy the same envious position of being paid on the basis of wealth enhancement or protection. They're involved in high-stakes mergers and acquisitions, estate planning, divorces and tax planning. On average, partners in the top 25 law firms earned from \$1.3 million to \$4 million in 2008, reports The American Lawyer magazine.

All this provides context to today's pay controversies. Wall Street may be greedy -- who isn't? -- but the explanation for its high compensation is its economic base (wealth, not production). That's why it's so hard to control or regulate. Since the 1960s, the industry has changed dramatically. Then, revenues came mainly from commissions on buying stocks and bonds for others. In 1966, commissions were 62 percent of revenues. Now, firms mostly make and manage investments for themselves and others. In 2007, commissions provided only 8 percent of revenues.

The transformation has made Wall Street a greater source of potential economic instability. Some compensation packages exacerbated the crisis by offering big bonuses if big risks paid off. Because government provided a safety net for the whole system, it's justified in taxing the industry -- as President Obama proposed last week -- to cover the costs, as Douglas Elliott, a former investment banker now at the Brookings Institution, correctly argues.

A larger issue is: How much should society concentrate on existing wealth as opposed to creating new wealth? Wall Street's lavish pay packages may attract too many of America's best and brightest. "It's bad for the rest of the economy," says economist Thomas Philippon of New York University, a student of the financial sector. "We also need smart brains outside finance." If that somehow happens, the crisis may yet have a silver lining.

## **WSJ - Editorial**

### **Labor's \$60 Billion Payoff**

***A health tax that hits everyone except the Democratic base.***

Democrats seem impervious to embarrassment as they buy votes for ObamaCare, but their latest move makes even Nebraska's Ben Nelson look cheap: The 87% of Americans who don't belong to a union will now foot the bill for a \$60 billion giveaway to those who do.

The Senate bill was financed in part by a 40% excise tax on high-cost insurance coverage. The White House backs this "Cadillac tax" as one of the few remaining cost-control tokens. But Big Labor abhors the tax because union benefits tend to be far more generous than average, and labor leaders and House Democrats have been throwing a political tantrum for weeks.

So emerging from their backrooms, Democrats have agreed to extend a special exemption from the Cadillac tax to any health plan that is part of a collective-bargaining agreement, plus state and local workers, many of whom are unionized. Everyone else with a higher-end plan will start to be taxed in 2013, but union members will get a free pass until 2018.

Ponder that one for a moment. Two workers who are identical in every respect—wages, job, health plan—will be treated differently by the tax system, based solely on union membership.

Richard Trumka of the AFL-CIO says this and other concessions mean the excise tax will raise some \$60 billion less than the original Senate version. Democrats are probably going to charge investors for this political perk, by extending the 2.9% Medicare payroll tax to capital gains for the first time ever—on top of all the other taxes. Just what the economic recovery needs.

Meanwhile, the extra five-year dispensation gives labor lobbyists plenty of time to negotiate a permanent extension for the Democratic union base, even as labor is being armed with an important new organizational tool: Eliminating the secret ballot in union elections might be unnecessary when unions have an exclusive tax privilege at their political disposal. Right-to-work states will also be punished because they are less unionized.

The payoff shows that no one is doing a better job of rebutting the White House's technocratic cost-control claims than its own party. How exactly is the excise tax going to drive down premiums when a good part of the most expensive plans is exempted? The new union deal follows a similar one with Harry Reid that exempted the 17 states in which health costs are highest, plus longshoremen, construction workers, some farmers and sundry other liberal allies.

Amid the Beltway panic over Tuesday's special Senate election in Massachusetts and deepening public revulsion about sweetheart deals like Mr. Nelson's "Cornhusker kickback," it's more than a little surprising that the White House would be so tone-deaf to even contemplate a demand that is so contrary to basic fairness. But somehow Democrats have convinced themselves that the only tourniquet that will stop the political bleeding is to pass a bill that even President Obama admitted on Thursday is deeply unpopular.

Democrats wouldn't have to pay these partisan bribes had they chosen to write a less radical bill that could attract Republican votes. But then they would have had to pass something other than this destructive and unaffordable exercise in entitlement politics.

## Hot Air

### [Cuban cold snap kills 26 patients in mental hospital](#)

by Ed Morrissey

Like my friend Bruce McQuain at [QandO](#), I'm wondering whether Michael Moore will add [this](#) to a later edition of the [Sicko DVD](#). Twenty-six patients in a Cuban mental hospital died from hypothermia during an unusually cold winter in Havana:

Twenty-six patients at Cuba's largest hospital for the mentally ill died this week during a cold snap, the government said Friday.

Human rights leaders cited negligence and a lack of resources as factors in the deaths, and the Health Ministry launched an investigation that it said could lead to criminal proceedings.

A Health Ministry communique read on state television blamed "prolonged low temperatures that fell to 38 degrees Fahrenheit (4 Celsius) in Boyeros," the neighborhood where Havana's Psychiatric Hospital is located.

It said most of the deaths were from natural causes such as old age, respiratory infections and complications from chronic diseases including cancer and cardiovascular problems.

The statement came in response to reports from the independent Cuban Commission on Human Rights that at least 24 mental patients died of hypothermia this week, and that the hospital did not do enough to protect them from the cold because of problems such as faulty windows.

My goodness, it's a good thing that Michael Moore decided to lecture Americans on the superiority of the Cuban health-care system in his feature-length diatribe, isn't it? Otherwise, we wouldn't be demanding a government takeover of our own health-care system to achieve parity with Fidel's paradise.

I live in Minnesota, where it gets considerably colder than Havana for about six months out of the year. Our hospitals manage to keep patients warm, clean, and safe. When was the last time anyone heard of patients dying in an American hospital of hypothermia *caused by their stay in the facility*? According to my recollection, that would be, uh ... **never**. Where were the staff at this Cuban paragon of medical care? When it got cold, no one apparently thought to close windows, or give out more sheets and blankets, or bring in more heaters ... for hours.

What does it take to die of hypothermia? Let me offer you a personal anecdote. When we first moved to Minnesota, the First Mate was still an insulin-dependent diabetic, and one day she had big problems with her insulin dose. While I was at work, she tried relieving the dogs out of the back door of the condo we were renting at the time, and passed out in the snow on a 30-degree day. It took *over two hours* for someone to find her (after I frantically called the rental office when she wouldn't answer the phone, whose maintenance man ended up saving her life). She had a core body temperature below 80 degrees, and another 15 minutes outside would have been fatal. And she was seriously ill before passing out in the snow that day as it was.

If 26 people in a *mental* hospital died of hypothermia, that means the staff at that facility engaged in malicious neglect. And I wonder whether those people were truly mentally ill, or whether they were political prisoners, because even the least-engaged staffer at any kind of medical facility would have had *hours* to correct that kind of situation before *anyone* died.

*Addendum:* It's also worth pointing out that a mass of people dying of hypothermia in the tropics doesn't exactly bolster the claims of global-warming activists.

*Addendum II:* Why is the First Mate no longer an insulin-dependent diabetic? She got a pancreas transplant, a procedure developed in the US and conducted by an American hospital, with complete success. Just sayin'.

A NEW KIND OF POLITICS  
TRANSPARENCY  
BI-PARTISAN  
HOPE  
NEGOTIATE ON C-SPAN  
NO BACK-ROOM DEALINGS  
END SPECIAL INTERESTS  
YES WE CAN  
CHANGE WE CAN BELIEVE IN

"DON'T TELL ME WORDS DON'T MATTER: 'I HAVE A DREAM...' JUST WORDS?"



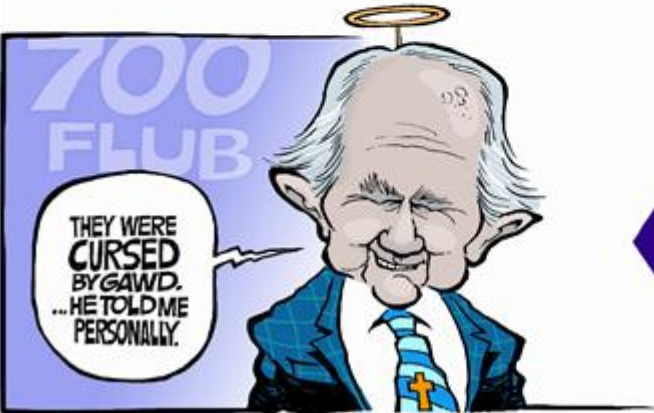


# Universal Health Care

Art by Wash Post Writers Group  
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