

November 14, 2010

In the Daily Beast, [Howard Kurtz](#) gives a grudging center-left comparison of the president and his predecessor.

*...The contrast could hardly have been sharper. Bush, with his short, declarative sentences, so sure of himself he felt no need to probe further on one of the most divisive ethical issues of his tenure. Obama, with his finely rendered prose, meandering around as he inspects the subject from various angles, almost like a think-tank analyst.*

*Eugene Robinson, a Washington Post columnist who has been an enthusiastic supporter of the 44th president and has been granted interviews and invites to group luncheons, wrote that Obama's 60 Minutes appearance was "uninspired and uninspiring," offering "no vision of a brighter tomorrow."*

*...Still, it felt like we were watching *The Decider vs. The Agonizer*. The man who approved torture and the man who tortures himself. ...*

[David Harsanyi](#) calls the Dems on their spending addiction in light of the deficit commission's recommendations.

*...Democrats believe we have a taxing problem — more specifically, a not-taxing-the-rich-enough problem — rather than a spending problem. How many times have we heard the silly platitude about having to "pay" for tax cuts? We pay for spending, not tax cuts.*

*But that particular impenetrable philosophical divide is just the beginning. Outside of military spending, the co-chairs found that one of the most effective areas to save money — around \$30 billion yearly — was by shaving 10 percent of the federal workforce and freezing all salaries.*

*Not a big deal, considering USA Today recently reported that the number of people in the massive federal workforce earning more than \$150,000 had doubled since January 2009 — long after Washington supposedly understood the magnitude of the problem.*

*As you know, public employees are the wellspring of left-wing political support. The American Federation of State, County and Municipal Employees was the single largest outside spender on the 2010 elections. Public-sector unions spent more than the U.S. Chamber of Commerce despite what you may have heard. And they spent taxpayer dollars. What are the chances of Democrats cutting 10 percent of that support?*

*What's more holy than a government pension? An entitlement program, of course. Democrats aren't interested in "reforming" these programs; they're interested in finding ways to pay for them. There's a difference. (Remember, the last time liberals decided it was time for reform, Washington took over an eighth of the economy.)...*

We have commentary from the [Corner](#) on the deficit commission report. Up first, Samuel Staley comments on lax goals that the deficit commission set to reign in out-of-control government spending.

*I'm wading through the Powerpoint of the deficit-reduction committee. While it doesn't seem to pull punches on how desperate our fiscal condition has become, I can already see it's not going far*

enough. Their goal is to eliminate annual [federal deficits](#) in 30 years! They have also set a long-term goal of reducing federal tax revenues to 21 percent of GDP. While that's much lower than now, we need to get federal, state, and local government spending to below 20 percent if we really want to promote growth, according to the late economist Gerald Scully. Even more radical fiscal surgery will be needed if we really want to get a handle on federal spending.

Next from the [Corner](#), Bob Stein lists his comments on the deficit commission's report. ...Here's what I don't like:

...• Although the plan says it would try to cap revenue as a share of GDP at 21 percent, there is nothing in the plan that would do so. Gradually, productivity will push a larger share of income into the higher marginal tax brackets, resulting in higher revenue relative to GDP.

...• The plan calls for increasing the tax base for Social Security. This is a large tax hike for many workers.

...• The tax plan raises the cap-gains and dividends tax rates to 28 percent. ...

Also from the [Corner](#), Anthony Randazzo criticizes some of the deficit commission's premises.

...The report perpetuates the belief that we need to wait until recovery sets in to start making reforms, and it argues that government should be investing in education, infrastructure, and high-value R&D to promote growth.

*These wrong-direction ideas are all well-intentioned and understandable. But we can't start cutting the deficit without recognizing that true recovery will only take hold once the current government interventions — stimulus spending, cash-for-clunkers, quantitative easing, HAMP, etc. — preventing the realignment of resources in the economy are removed. Moreover, any deficit-reduction plan that continues to believe government investment in the economy will promote growth is likely to be a failure.*

*Throwing more federal money at education has not proven to be successful, while local-level reforms — such as Washington D.C.'s — have yielded much higher returns. While there is certainly a role for government in maintaining a national infrastructure, continuing to focus on infrastructure spending as a means of boosting recovery is reaching levels of cognitive dissonance. And the argument that the private sector picks winners and losers in development better than government is a tired one, but still accurate and applicable.*

*Nevertheless, when it comes to specifics for cuts in the plan, there are some good ones. Here is a sample...*

And last from the [Corner](#), [Yuval Levin](#) points out that the deficit commission's positions are a surprisingly realistic start for Democrats.

*The preliminary report from the co-chairs of the president's deficit commission makes for a very plausible leftmost boundary of the serious fiscal-policy debate. If this is the Obama administration's starting position in the conversation about deficit and debt reduction, it will be a serious position and a constructive conversation. They will obviously need to be willing to move rightward on some key issues (especially the entire health-care question, which is the report's most glaring and serious*

weakness, and is at the heart of our crisis of public [finances](#)). But on social security, discretionary spending, and many of the proposed tax reforms, this is a very good start.

The people who treat even this as going too far and “[simply unacceptable](#)” (to borrow the phrase employed by the outgoing Speaker of the House) are simply [not serious](#) about the problems we confront, and not ready for the kind of debate the country needs to have about how to get out of the hole we have been digging for ourselves and how to get beyond the social-democratic welfare-state fantasy that has dominated our political imagination for a century and think seriously about what genuine democratic-capitalism with a responsible safety net for the poor ought to look like.

[Jennifer Rubin](#) also weighs in on the report.

...Second, it is quite extraordinary that the plan puts forth a credible version of tax reform. Did you expect the commission to come forward with a reduction in the corporate tax rate and a top individual rate of 24 percent? I sure didn't. This represents a fundamental shift for Democrats, at least those on the panel who embraced the essential principles of the Reagan and Bush tax cuts. But, you say, what about the changes to the home mortgage deduction? We'll have to do the math, but with a drastic reduction in individual rates, they may be “worth it.” And, bluntly, it would also cause people to more closely examine how much house they can afford. (If you trust the market, once the subsidy goes away, demand would lessen and prices should come down, making housing somewhat more affordable.)

And finally, we need to be clear-eyed about the defense cuts. We are fighting a global war on terrorism, may find ourselves embroiled in a military confrontation with Iran, and must continue to build missile defense systems. The cuts have to be assessed in light of our security needs and the threats we face. Republicans who embrace a robust, internationalist foreign policy should be wary.

In sum, I'm mildly shocked it was as good as it was. Conservatives would do well to embrace the chunks of it they can and offer plausible alternatives to the rest (e.g., repealing ObamaCare, for starters).

[Jennifer Rubin](#) adds to her commentary on the deficit commission report.

As I [observed](#) yesterday, the debt commission came out with a preliminary report that was better than expected from the perspective of conservatives and an anathema to liberals. The [Wall Street Journal](#) editors outline some of the negative aspects of the report: adhering to ObamaCare, too much timidity on discretionary spending cuts and entitlements, and an anti-jobs hike in the payroll tax. But the editors are mildly impressed...

...House Republicans should react accordingly, which means taking what they like from the commission report and making it part of their own budget proposals. If Senate Democrats and Mr. Obama want to regain any fiscal credibility, they'll be willing to listen and talk. If not, the voters will certainly have a choice in 2012.

To a large extent, then, the report is a useful political document for the right. It helps sniff out who is serious about spending restraint and who is not, and it embraces a methodology for tax reform that conservatives can support and liberals almost certainly can't. (Let the “rich” pay have a top marginal rate of 24 percent? Oh the horror!) ...

The [WSJ editors](#) look at another failed aspect of Obamacare.

*...Mr. Obama declared at the time that "uninsured Americans who've been locked out of the insurance market because of a pre-existing condition will now be able to enroll in a new national insurance pool where they'll finally be able to purchase quality, affordable health care—some for the very first time in their lives."*

*So far that statement accurately describes a single person in North Dakota. Literally, one person has signed up out of 647,000 state residents. Four people have enrolled in West Virginia. Things are better in Minnesota, where Mr. Obama has rescued 15 out of 5.2 million, and also in Indiana—63 people there. HHS did best among the 24.7 million Texans. Thanks to ObamaCare, 393 of them are now insured.*

*States had the option of designing their own pre-existing condition insurance with federal dollars in lieu of the HHS plan, and 27 chose to do so. But they haven't had much more success. Combined federal-state enrollment is merely 8,011 nationwide as of November 1, according to HHS.*

*This isn't what HHS promised in July, when it estimated it would be insuring 375,000 people by now, and as many as 400,000 more every year. ...*

*...Pre-existing conditions sometimes do lead to genuine hardships, and polls show that voters are worried about the relatively rare horror stories. More modest fixes could bring more stability to the individual market, while Republicans support a boost in funding for the high-risk pools that 35 states offer as a safety net. The government didn't need to annex a sixth of the economy and create a multitrillion-dollar entitlement to help 8,011 people.*

In the [Telegraph Blogs, UK](#), [Toby Harnden](#) looks at the changes in journalism on both sides of the pond.

*Often caught between the two, I've always been fascinated by the differences between journalism in Britain and the United States. One of the most striking things is the contrast between the self-image of journalists on either side of the Pond. In Britain, journalists (who prefer the term "hacks") mostly view themselves as grubby tradesmen, living proof of [Nicholas Tomalin's dictum](#) that "the only qualities essential for real success in journalism are rat-like cunning, a plausible manner and a little literary ability".*

*In the US, journalists have traditionally been much more self-important, viewing themselves as part of a noble profession to be venerated and respected in the same way as doctors, lawyers and accountants. They have tended to see themselves as part of the Establishment. The difference has often been on display at White House press conferences, with long-winded, respectful, often pompous American questions contrasting with short, aggressive and impertinent British questions (which sometimes elicit much better answers). ...*

*...Perhaps related to the breaking down of the divide between British and American journalism is the blurring of the [old distinction between print and the web](#). Some very big names are moving to web-only outlets. Tina Brown recently hired [Howard Kurtz](#) at the Beast while [Howard Fineman](#) and [Peter Goodman](#) have gone to the Huffington Post. The journalistic trend in the US is away from the insider, access-based American model towards the iconoclastic, reporting-with-attitude British model. ...*

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## The Daily Beast

### [The Decider vs. The Agonizer](#)

*Presidents Bush and Obama both sat for interviews in the last few days. One was declarative. The other dithered.*

by Howard Kurtz

The president shook his head.

“Look, I’m not going to debate the issue,” he said. He had already decided.

Waterboarding was legal. Why? “Because the lawyers said it was legal,” George W. Bush told Matt Lauer.

But what if an American was taken captive in a foreign country? Bush cut Lauer off: “All I ask is that people read the book.” Case closed.

Twenty-five hours earlier, Bush’s successor was seen fielding this question: Had he lost his mojo?

“I think it’s—I think it’s a fair argument, you know, I—I think that over the course of two years, we were so busy and so focused on getting a bunch of stuff done that we stopped paying attention to the fact that, you know, leadership isn’t just legislation, that it’s a matter of persuading people,” Barack Obama told Steve Kroft.

The contrast could hardly have been sharper. Bush, with his short, declarative sentences, so sure of himself he felt no need to probe further on one of the most divisive ethical issues of his tenure. Obama, with his finely rendered prose, meandering around as he inspects the subject from various angles, almost like a think-tank analyst.

Eugene Robinson, a Washington Post columnist who has been an enthusiastic supporter of the 44th president and has been granted interviews and invites to group luncheons, wrote that [Obama’s 60 Minutes appearance](#) was “uninspired and uninspiring,” offering “no vision of a brighter tomorrow.”

“There is a performance aspect to the presidency, and I didn’t think it was a very good performance,” Robinson told me. “At a moment when the president could have made a more energetic and affirmative attempt to seize control of the narrative, I thought he didn’t do that.”

There is more to the presidency, of course, than handling television interviews. And an enormous caveat looms in comparing Obama on CBS with Bush on NBC: The former president didn’t have much on the line, other than [some image rehab](#) and a desire to [boost book sales](#). The Lauer sitdown had a relaxed and reflective tone, as befits a subject who is no longer in the arena and has maintained a dignified silence for the last two years.

Still, it felt like we were watching The Decider vs. The Agonizer. The man who approved torture and the man who tortures himself.

The prime-time special brought back memories of a famously tongue-tied president, one who often seemed incurious about complex matters and would deliver cowboy slogans like “bring ’em on” and “dead or alive.”

Lauer asked about the 9/11 attacks—which, as we later learned, came a month after a presidential daily briefing titled “Bin Laden Determined to Strike in U.S.”

“Did you ever ask yourself the question, what more could I have done to prevent this from happening?”

“Well, we just didn’t have any solid intelligence,” Bush replied.

What about Saddam and his supposed weapons of mass destruction, the false premise on which the Iraq war was launched? “Did you personally have any doubt, any shred of doubt, about that intelligence?”

“No, I didn’t. I really didn’t,” Bush said. He felt no need to elaborate.

For better or worse, W. never seemed weighed down by the pressures of office. In 2002, after suicide bombings in Israel, Bush sternly warned: “We must do everything we possibly can to stop the terror. I call upon all nations to do everything they can to stop these terrorist killers.” Then he paused and said: “Now watch this drive,” and whacked a golf ball. (Bush did eventually give up golf because of the poor optics during wartime.)

Obama, on the other hand, seems acutely conscious of the heavy burdens he carries. He has not been a happy warrior. Kroft asked if he gets discouraged in the job.

“I do get discouraged. I mean, there are times when I thought that the economy would—have—have gotten better by now. You know, one of the things I think you understand as president is you’re held responsible for everything but you don’t always have control of everything, right, and especially in an economy this big.”

Now that is a candid answer, a perfectly reasonable point in a grownup conversation. But it does not exactly get the juices flowing. If the president of the United States is discouraged by 9.6 percent unemployment, how should the rest of us feel?

I don’t necessarily agree with Robinson that presidents “aren’t allowed to be discouraged” or “talk about the limitations of the job.” Appearing to ignore deteriorating conditions—as Bush did during Katrina, one of the few decisions he told Lauer he botched—is quickly dismissed as happy talk. But it helps to fashion some kind of upbeat message.

Obama seemed equally diffident in his East Room news conference last week. The president can choose to be confrontational or conciliatory toward the Republicans after the shellacking, but he should have in mind what he wants the next day’s headline to say. Otherwise, why bother going on *60 Minutes*?

With the GOP having seized the House, Obama is getting all kinds of bad press, like this piece in Politico about an “isolated” president: “Many Democrats privately say they are skeptical that Obama is self-aware enough to make the sort of dramatic changes they feel are needed—in his relations with other Democrats or in his very approach to the job... ‘This guy swept to power on a wave of adulation, and he learned the wrong lessons from that,’ said a Democratic official who deals frequently with the White House.”

It’s easy for disaffected Dems to take potshots, but also too easy for a close-knit White House—which keeps reminding itself that its winning campaign defied the experts—to ignore sound advice.

The presidency magnifies strengths and weaknesses, so it's striking that Bush was at his most animated not about the wars or the financial collapse on his watch, but about Kanye West charging he didn't care about black people. "One of the most disgusting moments in my presidency," Bush declared.

In an interview with [Sean Hannity](#) airing tonight, Bush concedes that "sometimes I didn't get my words right. And I never tell these audiences I speak to, you didn't elect me cause I was Shakespeare."

This is hardly much ado about nothing. Neither man should be judged by the standard of, say, [Conan O'Brien's basic cable debut](#), but we measure presidents by their words and demeanor. Obama is capable of great eloquence, but lately he has been, well, flat. It's true he has spent much of the last two years cleaning up the messes Bush left behind, but the sell-by date on that argument has passed.

Obama eventually got around to telling Kroft that America is "incredibly resilient," and perhaps he will prove to be as well. But lately he hasn't looked the part.

## Denver Post

### [It's finally official: We're doomed](#)

by David Harsanyi

Not long ago, I finagled my way into a conference featuring a number of top economists discussing the future of government.

These experts helpfully synthesized a bunch of intricate numbers and created PowerPoint presentations sprinkled with graphs that illustrated a pending stratospheric explosion of debt and spending — for which, the technical term, I believe, was: "We're screwed."

Americans might have a similar reaction to the much-heralded suggestions of the co-chairs of the debt commission convened by President Obama. Reality is that even this modest hodgepodge of tax hikes and spending cuts pasted together by the co-chairs is unlikely to pass the entire committee, much less Congress.

But it may be good news in the end.

To begin with, the \$200 billion in spending cuts we're talking about are reductions in planned spending. That's like promising to lose 10 pounds in two years — after first gaining 20.

And, if politicians remain true to their calling, we know that discretionary budgets cuts will last until the first "emergency" emerges. New taxes and spending programs, on the other hand, typically sunset when the sun actually runs out of hydrogen.

As it stands, the plan is nearly devoid of any fundamental reforms transforming the way government operates, save two areas — neither of which has a chance with Democrats in control.

For kicks, let's engage in a thought experiment to highlight the hurdles. Suspend your disbelief momentarily and allow that Republicans are serious this time around about cutting government's size and spending. Also allow that the GOP would be agreeable — as some have intimated — to cutting

military spending, raising some taxes, removing exemptions, cutting agricultural subsidies, and so on, in a larger compromise.

Would it matter?

Democrats believe we have a taxing problem — more specifically, a not-taxing-the-rich-enough problem — rather than a spending problem. How many times have we heard the silly platitude about having to "pay" for tax cuts? We pay for spending, not tax cuts.

But that particular impenetrable philosophical divide is just the beginning. Outside of military spending, the co-chairs found that one of the most effective areas to save money — around \$30 billion yearly — was by shaving 10 percent of the federal workforce and freezing all salaries.

Not a big deal, considering USA Today recently reported that the number of people in the massive federal workforce earning more than \$150,000 had doubled since January 2009 — long after Washington supposedly understood the magnitude of the problem.

As you know, public employees are the wellspring of left-wing political support. The American Federation of State, County and Municipal Employees was the single largest outside spender on the 2010 elections. Public-sector unions spent more than the U.S. Chamber of Commerce despite what you may have heard. And they spent taxpayer dollars. What are the chances of Democrats cutting 10 percent of that support?

What's more holy than a government pension? An entitlement program, of course. Democrats aren't interested in "reforming" these programs; they're interested in finding ways to pay for them. There's a difference. (Remember, the last time liberals decided it was time for reform, Washington took over an eighth of the economy.)

Let's not forget Social Security — a program that offers the American citizen less return on his dollar than a simple savings account — is the shining example of munificent liberal governance. Which actually makes sense.

Conversely, if conservatives are serious about this — the House GOP plan offered up a puny \$100 billion in cuts, it's doubtful — this is the time for genuine, consequential, long-term reform.

Republicans, for instance, should not cave on tax hikes without a plan that seriously flattens and simplifies the entire system. Do fiscal conservatives believe that tax hikes dampen economic growth — an eventuality this commission's plan doesn't take into account — or not?

And if conservatives believe that discretionary spending is temporary and entitlement programs are forever, they should demand embedded caps on all spending and revenue, and a balanced budget in perpetuity.

Because at this point, we already know the positions. We know where the spending is. We know where the unsustainable growth is happening. We also know that tinkering on the margins will do nothing much. What we don't know is if anyone is serious about fixing it.

(Geez, we really are screwed.)



## The Corner

### Not Far Enough

by Samuel R. Staley

I'm wading through the Powerpoint of the deficit-reduction committee. While it doesn't seem to pull punches on how desperate our fiscal condition has become, I can already see it's not going far enough. Their goal is to eliminate annual federal deficits in 30 years! They have also set a long-term goal of reducing federal tax revenues to 21 percent of GDP. While that's much lower than now, we need to get federal, state, *and* local government spending to below 20 percent if we really want to promote growth, according to the late economist Gerald Scully. Even more radical fiscal surgery will be needed if we really want to get a handle on federal spending.

## The Corner

### Reading the Deficit Commission Report

by Bob Stein

Here's what I like:

- Trying to reduce spending as a share of GDP to 21 percent — very commendable for a centrist group.
- Civil-service retirement-benefit reductions; requiring greater contributions for the government's defined-benefit plan; making the benefit formula less biased in favor of older workers.
- Repeal of the state and local tax deduction.
- Limiting the mortgage interest deduction.
- Trying to wring savings from Medicare/Medicaid.
- Indexing the retirement age in Social Security to longevity — very good. Bravo.
- Lowering the top marginal tax rate on corporate income and regular labor income.
- Shifting to a territorial system for taxing corporate profits.
- Eliminating the AMT.

Here's what I don't like:

- Although the plan says it would try to cap revenue as a share of GDP at 21 percent, there is nothing in the plan that would do so. Gradually, productivity will push a larger share of income into the higher marginal tax brackets, resulting in higher revenue relative to GDP.
- Social Security solvency is achieved over 75 years only, rather than over the infinite horizon. This means that in ten years, when the 75-year window includes, at the back end, a ten-year window where solvency does not exist, we will again be back in 75-year insolvency.
- The plan calls for increasing the tax base for Social Security. This is a large tax hike for many workers.

- If the commission were really serious about reducing government health-care spending, it would have pushed for high-deductible [health insurance](#) plans inside the president's program enacted in March.
- The commission failed to include a higher retirement age for Medicare, which is indispensable for bringing down long-term Medicare costs.
- The tax plan raises the cap-gains and dividends tax rates to 28 percent.
- The tax plan shrinks the marginal tax reduction received by the typical working family that has an additional child. In effect, the commission adopts the view that fiscal policy does not influence fertility. We have a long-term old-age entitlement problem in large respect because these programs "crowd-out" the traditional incentive to raise kids. So instead of tax benefits for parents being part of our fiscal problem, they are really part of the solution.

*Bob Stein is senior economist with First Trust Advisers.*

## **The Corner**

### **Some Good Recommendations, Some Bad Basic Assumptions**

by Anthony Randazzo

After taking a first brush through the fiscal commission co-chairs' 50-page report, my initial conclusion is that the authors are headed in the right direction but remain trapped in a philosophical framework that misunderstands the role of government.

The plan starts with ten "Guiding Principles and Values." Many of them actually are good, including recognition that it will take painful sacrifice to get the deficit under control, that we need to cut red tape and inefficient, unaffordable spending, that the tax code needs to be simplified, and that we must reform structural debt problems including Social Security, health care, and national debt as a share of GDP.

However, several of the principles are poorly focused. The report perpetuates the belief that we need to wait until recovery sets in to start making reforms, and it argues that government should be investing in education, infrastructure, and high-value R&D to promote growth.

These wrong-direction ideas are all well-intentioned and understandable. But we can't start cutting the deficit without recognizing that true recovery will only take hold once the current government interventions — stimulus spending, cash-for-clunkers, quantitative easing, HAMP, etc. — preventing the realignment of resources in the economy are removed. Moreover, any deficit-reduction plan that continues to believe government investment in the economy will promote growth is likely to be a failure.

Throwing more federal money at education has not proven to be successful, while local-level reforms — such as Washington D.C.'s — have yielded much higher returns. While there is certainly a role for government in maintaining a national infrastructure, continuing to focus on infrastructure spending as a means of boosting recovery is reaching levels of cognitive dissonance. And the argument that the private sector picks winners and losers in development better than government is a tired one, but still accurate and applicable.

Nevertheless, when it comes to specifics for cuts in the plan, there are some good ones. Here is a sample:

- Cut the federal workforce by 10 percent; two-for-three replacement rate
- Freeze federal-worker wage increases through 2014
- Eliminate 200,000 federal jobs by 2020 and cut 250,000 non-defense contractor jobs by 2015
- Sell excess federal property
- Lower tax rates, simplify the code, and broaden the base
- Increase Medicaid co-pays
- Index retirement age to increases in longevity by increasing the age by one month every two years after it reaches 67 under current law (meaning the normal retirement age would reach 68 in about 2050 and 69 in about 2075)
- Eliminate subsidized student loans, in which the government makes interest payments while the student is in school

*Anthony Randazzo is director of economic research at the Reason Foundation in Washington D.C.*

## The Corner

### The Commission's Pre-Report

by Yuval Levin

The preliminary report from the co-chairs of the president's deficit commission makes for a very plausible leftmost boundary of the serious fiscal-policy debate. If this is the Obama administration's starting position in the conversation about deficit and debt reduction, it will be a serious position and a constructive conversation. They will obviously need to be willing to move rightward on some key issues (especially the entire health-care question, which is the report's most glaring and serious weakness, and is at the heart of our crisis of public finances). But on social security, discretionary spending, and many of the proposed tax reforms, this is a very good start.

The people who treat even this as going too far and "simply unacceptable" (to borrow the phrase employed by the outgoing Speaker of the House) are simply not serious about the problems we confront, and not ready for the kind of debate the country needs to have about how to get out of the hole we have been digging for ourselves and how to get beyond the social-democratic welfare-state fantasy that has dominated our political imagination for a century and think seriously about what genuine democratic-capitalism with a responsible safety net for the poor ought to look like.

## Contentions

### Debt Commission Surprises

by Jennifer Rubin

Yuval Levin writes of the preliminary debt commission report:

If this is the Obama administration's starting position in the conversation about deficit and debt reduction, it will be a serious position and a constructive conversation. They will obviously need to be willing to move rightward on some key issues (especially the entire health-care question, which is the report's most glaring and serious weakness, and is at the heart of our crisis of public finances). But on social security, discretionary spending, and many of the proposed tax reforms, this is a very good start.

I would add a few thoughts. If Obama embraces it, this would be a meaningful reach to pick up independent voters' support. They are among the most aggrieved by the fiscal train wreck (which Obama has worsened). But the president has a problem: his left flank has already rebelled. (The hysterical reaction by Nancy Pelosi tells you there are some really good things in the proposal.) So can Obama risk alienating what shriveled part of the base he still has? At some point, the threat, however remote, of a primary challenge begins to affect these decisions.

Second, it is quite extraordinary that the plan puts forth a credible version of tax reform. Did you expect the commission to come forward with a reduction in the corporate tax rate and a top individual rate of 24 percent? I sure didn't. This represents a fundamental shift for Democrats, at least those on the panel who embraced the essential principles of the Reagan and Bush tax cuts. But, you say, what about the changes to the home mortgage deduction? We'll have to do the math, but with a drastic reduction in individual rates, they may be "worth it." And, bluntly, it would also cause people to more closely examine how much house they can afford. (If you trust the market, once the subsidy goes away, demand would lessen and prices should come down, making housing somewhat more affordable.)

And finally, we need to be clear-eyed about the defense cuts. We are fighting a global war on terrorism, may find ourselves embroiled in a military confrontation with Iran, and must continue to build missile defense systems. The cuts have to be assessed in light of our security needs and the threats we face. Republicans who embrace a robust, internationalist foreign policy should be wary.

In sum, I'm mildly shocked it was as good as it was. Conservatives would do well to embrace the chunks of it they can and offer plausible alternatives to the rest (e.g., repealing ObamaCare, for starters).

## Contentions

### RE: Debt Commission Surprises

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As I [observed](#) yesterday, the debt commission came out with a preliminary report that was better than expected from the perspective of conservatives and an anathema to liberals. The [Wall Street Journal](#) editors outline some of the negative aspects of the report: adhering to ObamaCare, too much timidity on discretionary spending cuts and entitlements, and an anti-jobs hike in the payroll tax. But the editors are mildly impressed:

Everyone to the right of MoveOn.org knows that the 35% corporate tax rate is a disincentive to invest in America and has sent businesses pleading to Congress for this or that loophole. This is the second Obama-appointed outfit to recommend a cut in the corporate tax rate, following Paul Volcker's economic advisory group this year, and it ought to be one basis for bipartisan agreement. ...

Mr. Obama conceived the deficit commission as a form of political cover for his spending blowout—and to coax Republicans into a tax increase. So it's notable that Democrats and liberals have been more critical of the chairmen's draft than have Republicans. Having put the U.S. in a fiscal hole, Nancy Pelosi's minority wants to oppose all spending cuts or entitlement reform to climb out.

House Republicans should react accordingly, which means taking what they like from the commission report and making it part of their own budget proposals. If Senate Democrats and Mr. Obama want to

regain any fiscal credibility, they'll be willing to listen and talk. If not, the voters will certainly have a choice in 2012.

To a large extent, then, the report is a useful *political* document for the right. It helps sniff out who is serious about spending restraint and who is not, and it embraces a methodology for tax reform that conservatives can support and liberals almost certainly can't. (Let the "rich" pay have a top marginal rate of 24 percent? Oh the horror!)

To put it bluntly, the left got rolled here. This group of Democrats, for lack of a better term, was comprised mostly of "Third Wave"/Democratic Leadership Council types. The Former Fed vice chairman Alice Rivlin is a grown-up. Sen. Kent Conrad and Rep. John Spratt are about the most responsible Democrats you could find. By contrast, the liberals who were there, as one Washington insider pointed out to me yesterday, are "unserious" people. You can't get more of a lightweight and a un-influential Democrat than the hard left Rep. Jan Schakowsky (D-Ill.).

The left is already fingering the commission's executive director [Bruce Reed](#) as the culprit. Reed, of course, was the CEO of the DLC and later a top domestic-policy adviser and welfare-reform bill author under Bill Clinton. He personifies what the netroots and Obama disdain — a pro-business, split-the-baby style of Democratic politics.

But the most predictable and provincial reaction came from a news outlet with skin in the game. "The Corporation for Public Broadcasting (CPB) and NPR are denouncing the recommendation of the co-chairs of President Obama's Fiscal Commission to eliminate funding for public broadcasting, long an objective of many conservatives." I'm sure that won't affect their news coverage of the commission. Not in the least.

So the takeaway is that there are serious Democrats, just not in the White House (the Obama people were hiding under their desks yesterday) or many in the Congress. This presents a golden opportunity for Republicans to demonstrate they are the adults inside the Beltway. Unfortunately, the Democratic Senate and House caucuses with the exception of commissioner Conrad are not.

## **WSJ - Editorial**

### **[The 8,011-Person Crisis](#)**

#### ***ObamaCare's pre-existing condition program is a bust.***

Democrats think they know how to run the insurance industry better than the insurance industry, and they're getting the chance to prove it under ObamaCare. Consider the early returns on its plan to insure Americans denied coverage for pre-existing conditions.

To judge by President Obama's rhetoric, the insurance industry's victims have been wandering the country like Okies in "The Grapes of Wrath." Thus ObamaCare gave the Health and Human Services Department the power to design and sell its own insurance policies. The \$5 billion program started in July and runs through 2014, when ObamaCare's broader regulations kick in.

Mr. Obama declared at the time that "uninsured Americans who've been locked out of the insurance market because of a pre-existing condition will now be able to enroll in a new national insurance pool where they'll finally be able to purchase quality, affordable health care—some for the very first time in their lives."

So far that statement accurately describes a single person in North Dakota. Literally, one person has signed up out of 647,000 state residents. Four people have enrolled in West Virginia. Things are better in Minnesota, where Mr. Obama has rescued 15 out of 5.2 million, and also in Indiana—63 people there. HHS did best among the 24.7 million Texans. Thanks to ObamaCare, 393 of them are now insured.

States had the option of designing their own pre-existing condition insurance with federal dollars in lieu of the HHS plan, and 27 chose to do so. But they haven't had much more success. Combined federal-state enrollment is merely 8,011 nationwide as of November 1, according to HHS.

This isn't what HHS promised in July, when it estimated it would be insuring 375,000 people by now, and as many as 400,000 more every year. HHS even warned that it would bill private carriers for any claims if HHS decided that they had cancelled coverage to dump costs on the government. That outcome would certainly be in keeping with Mr. Obama's caricature of rampant discrimination against the sick.

Yet that hasn't happened. The HHS plan has flopped despite generous benefits and taxpayer subsidies that offset at least 65% of the total cost, sometimes more. Coverage is issued to anyone who has been turned away by even one insurance company or has been uninsured for longer than six months, and premiums vary only by age, not health status. In essence, HHS created a program that is *designed to operate at a loss* and still can't lure the customers it thought would come streaming its way.

That so few have grabbed this lifeline suggests that the reality of pre-existing conditions isn't nearly as grim as the President continues to claim. A shelf of academic research says the same thing, by the way.

But HHS won't take this for an answer, so this week it said it will cut premiums by 20% and expand benefits for this program in 2011 to encourage more people to enroll. In other words, HHS plans to make its cut-rate insurance even cheaper (and thus more expensive for taxpayers) so it can avoid having to admit that the President's claims about a nation of the indigent sick denied insurance were false. This wouldn't be the first time that one government failure begat another.

Pre-existing conditions sometimes do lead to genuine hardships, and polls show that voters are worried about the relatively rare horror stories. More modest fixes could bring more stability to the individual market, while Republicans support a boost in funding for the high-risk pools that 35 states offer as a safety net. The government didn't need to annex a sixth of the economy and create a multitrillion-dollar entitlement to help 8,011 people.

## Telegraph, UK

### [How Britain and the web are changing stuffy American journalism](#)

by Toby Harnden



Often caught between the two, I've always been fascinated by the differences between journalism in Britain and the United States. One of the most striking things is the contrast between the self-image of journalists on either side of the Pond. In Britain, journalists (who prefer the term "hacks") mostly view themselves as grubby tradesmen, living proof of [Nicholas Tomalin's dictum](#) that "the only qualities essential for real success in journalism are rat-like cunning, a plausible manner and a little literary ability".

In the US, journalists have traditionally been much more self-important, viewing themselves as part of a noble profession to be venerated and respected in the same way as doctors, lawyers and accountants. They have tended to see themselves as part of the Establishment. The difference has often been on display at White House press conferences, with long-winded, respectful, often pompous American questions contrasting with short, aggressive and impertinent British questions (which sometimes elicit much better answers).

While British newspapers have always been opinionated and agenda-driven, American newspapers, on their news pages at least, have always stuck to the notion of disinterested objectivity. Articles are longer, worthier and more academic. Americans would counter that on the whole they're more accurate and fair.

All these divisions are becoming blurred now, largely because of the web. The pithier, more sardonic and opinionated British style lend itself to the web (look at how much British stuff gets on [Drudge](#)). American readers are increasingly exposed to british reporting – a huge proportion of the Telegraph's web traffic comes from the US.

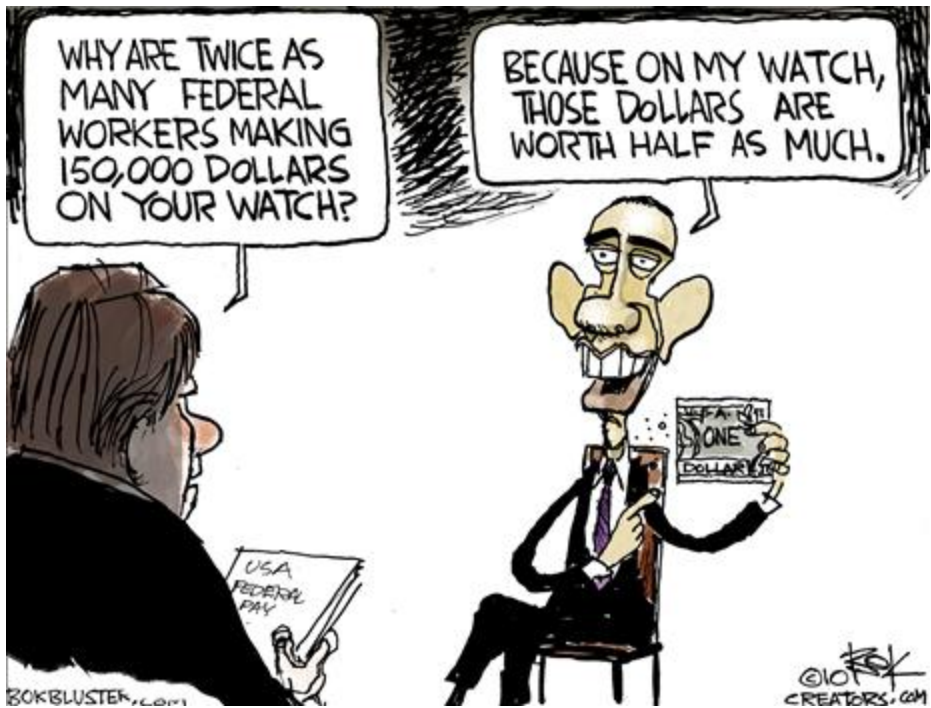
And there's a bit of a British expansion going on in US journalism. [Tina Brown's Daily Beast](#) is on the up. [Piers Morgan](#) is [taking over from Larry King](#) on CNN. Emily Smith, formerly of The Sun, is [Page Six editor at the New York Post](#). The main reporter on the National Enquirer's [John Edwards scoop](#) was [Alexander Hitchen](#), a Fleet Street veteran. [Arianna Huffington](#) of the [Huffington Post](#) is Greek-born but she spent her [formative years in Britain](#).

Perhaps related to the breaking down of the divide between British and American journalism is the blurring of the old distinction between print and the web. Some very big names are moving to web-only outlets. Tina Brown recently hired Howard Kurtz at the Beast while Howard Fineman and Peter Goodman have gone to the Huffington Post. The journalistic trend in the US is away from the insider, access-based American model towards the iconoclastic, reporting-with-attitude British model.

When I first arrived in the Washington in 1999, I experienced profound culture shock when I read the “Journalist’s Creed”, etched in bronze in the National Press Club. It begins with the words “I believe in the profession of journalism” and ends with the lofty statement that journalism is “profoundly patriotic while sincerely promoting international good will and cementing world-comradeship...a journalism of humanity, of and for today’s world”.





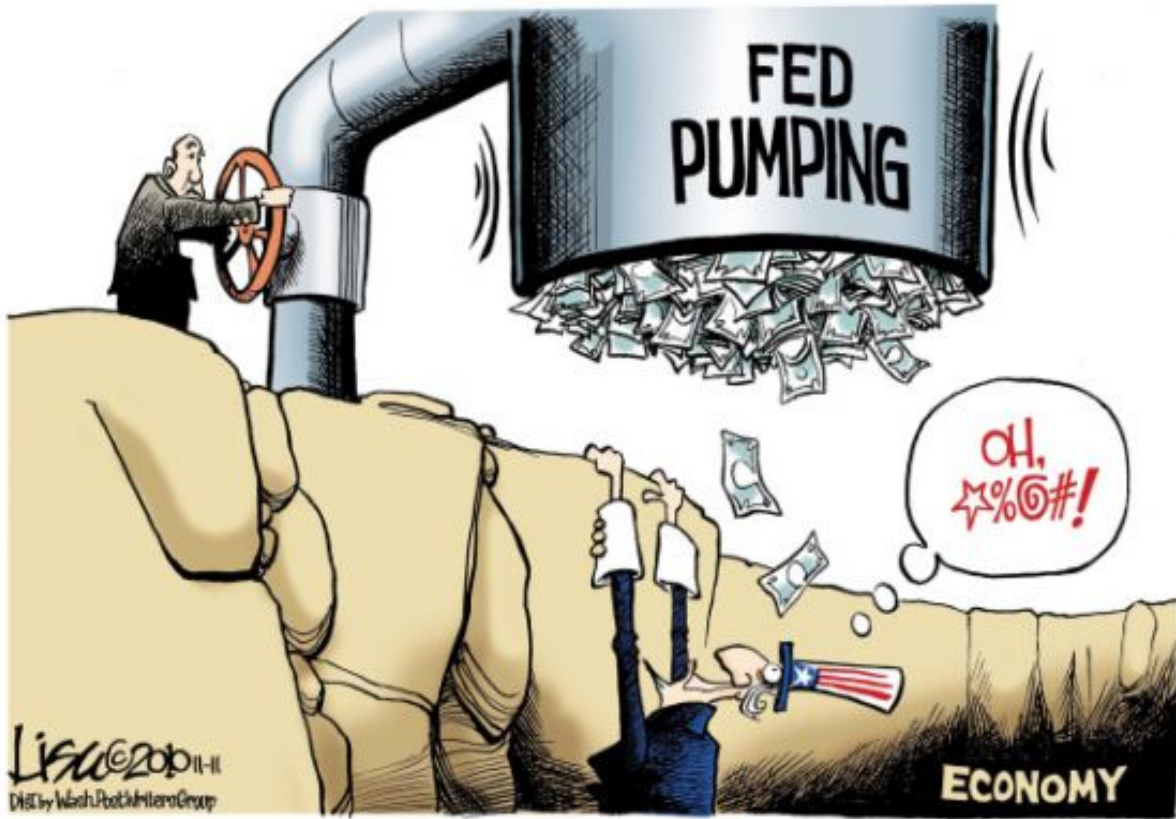


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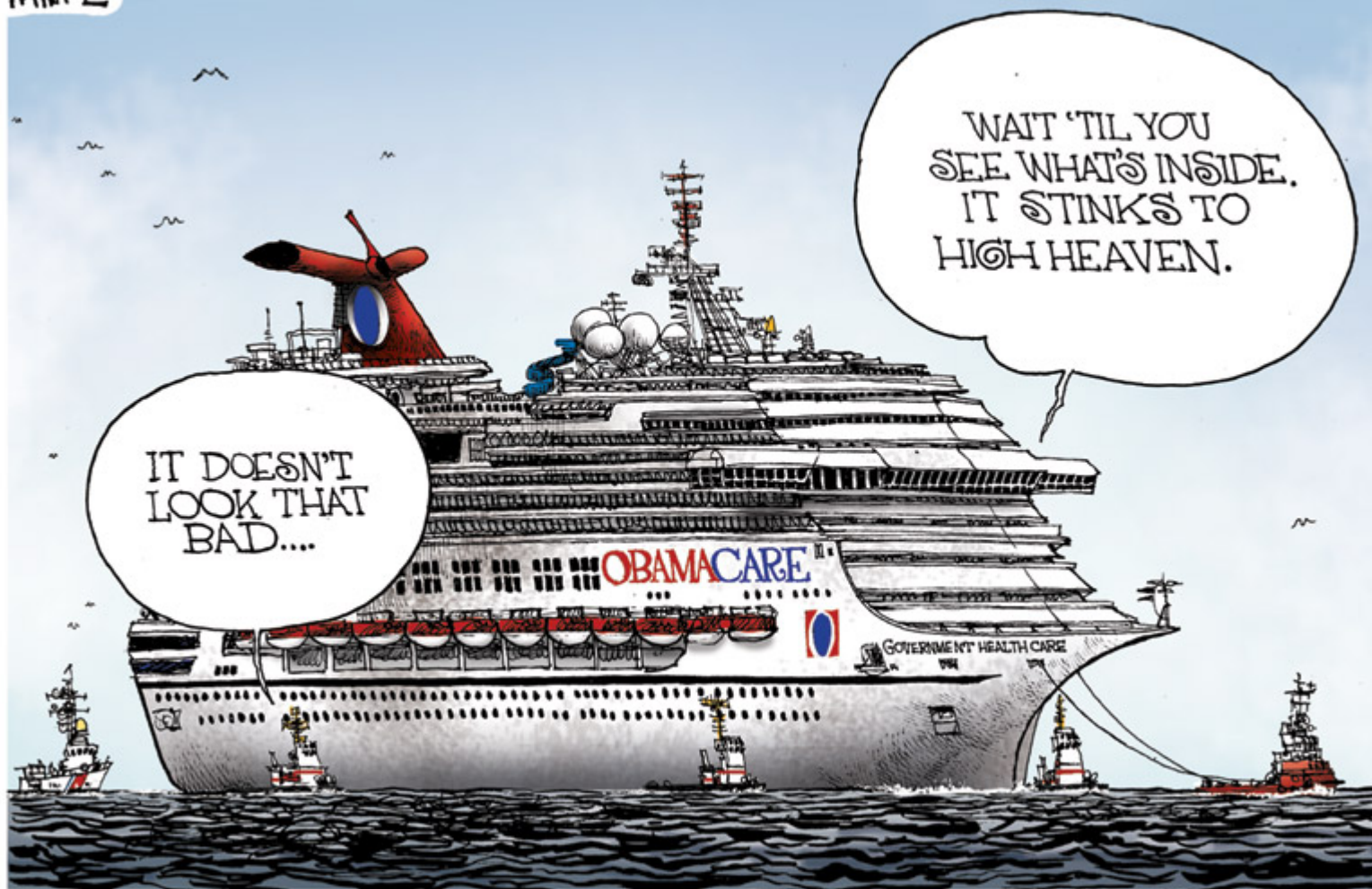




IT'S NO USE... I  
CAN'T GET FREE!  
WE'RE GONNA  
HAFTA CUT YOUR  
ARM OFF

IT'S GONNA COST AN ARM and a.....

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IT DOESN'T  
LOOK THAT  
BAD....

WAIT 'TIL YOU  
SEE WHAT'S INSIDE.  
IT STINKS TO  
HIGH HEAVEN.