July 21, 2011

Steve Wynn, Dem businessman from Vegas has strong words for the administration.
... And I'm saying it bluntly, that this administration is the greatest wet blanket to business, and progress and job creation in my lifetime. And I can prove it and I could spend the next 3 hours giving you examples of all of us in this market place that are frightened to death about all the new regulations, our healthcare costs escalate, regulations coming from left and right. A President that seems, that keeps using that word redistribution. Well, my customers and the companies that provide the vitality for the hospitality and restaurant industry, in the United States of America, they are frightened of this administration.And it makes you slow down and not invest your money. Everybody complains about how much money is on the side in America.

You bet and until we change the tempo and the conversation from Washington, it's not going to change. ..

Editors at Investor's Business Daily say Wynn is not alone.
... In such a climate, it's no surprise that executive outbursts are erupting like lava from scorched earth. Wynn's remarks echo those on a lengthening list of CEOs including:

• 3M's George Buckley, who blasted Obama last February as anti-business. "We know what his instincts are," Buckley said. "We've got a real choice between manufacturing in Canada or Mexico — which tends to be more pro-business — and America," he told the Financial Times.

• Boeing's Jim McNerney, who in the Wall Street Journal last May called Obama's handpicked National Labor Relations Board's suit against his company a "fundamental assault on the capitalist principles that have sustained America's competitiveness since it became the world's largest economy nearly 140 years ago."

• Intel's Paul Otellini, who told CNET last August that the U.S. legal environment has become so hostile to business that there is likely to be "an inevitable erosion and shift of wealth, much like we're seeing today in Europe — this is the bitter truth."

• Home Depot co-founder Bernie Marcus, who observed to radio host Hugh Hewitt last month that Obama "never had to make payroll," that "nobody has ever created a job in this administration" and that the president is "surrounded by college professors." ...

John Tamny says there is a real cost to our economy when there are fewer start-ups.
... First up is the loss of innovation that results from reduced startups. Though Reaganomics is 30 years old, Bartlett made a point that likely remains true today that “the largest proportion of important new inventions are still the result of individuals working virtually alone, rather than by big corporate laboratories.”

At first glance we can see that a reduction in the formation of companies formed in the proverbial garage means less exciting inventions down the line. Reduced startups mean less innovation. Simple as that.

Sarbanes-Oxley also comes to mind here in that an ill-conceived law that turned public company CEOs into accountants has surely poured gasoline on the above fire. To put it very simply, Sarbanes-

Oxley has made going public far less attractive to smaller, innovative companies lacking the infrastructure to comply with the law.

As a result, some have chosen to be purchased by larger companies over floating their shares to investors. Given a first pass we can see that what we've all lost here is the ability to put our savings into exciting companies, only to watch them hopefully grow.

Secondly, big companies, by virtue of being large, are more bureaucratic, and they're understandably more careful given how much they stand to lose if they fund egregious errors. So in swallowing existing startups that are less eager to navigate the jungle of being public, we as individuals lose for the larger acquirers to varying degrees snuffing out the risky dynamism that characterizes startups, along with startups that eventually go public. ...

Harvard econ prof says Boeing is right to take flight from high cost locales. His article was in **Bloomberg**.

Americans, and their companies, have long benefited from their freedom to move throughout our country.

In the 19th century, we moved in search of natural resources, exchanging the stony soil of New England for the rich soil of Iowa. In the 20th century, Americans were more likely to migrate in search of better political environments, like the blacks who fled the Jim Crow states of the South.

The profound role that mobility has played in our country, enabling repeated reinvention, causes me to be deeply worried about the possibility that a National Labor Relations Board complaint will prevent Boeing Co. (BA) from moving plane production from Washington state to South Carolina.

I am an economist, not a lawyer, and I have nothing to say about the legal issues surrounding the NLRB's complaint. I am sure the NLRB is doing what it understands to be its legal duty, preventing retaliation against union activity.

Yet I also dearly hope that the judicial process will affirm the right of companies, and people, to freely choose their locations. The U.S. economy -- especially our challenged manufacturing sector -- needs more, not less, freedom to adapt and innovate.

The story of America is one of constant geographic movement. In 1816, before DeWitt Clinton had dug his ditch, it cost as much to move goods 30 miles over land as it did to ship them across the Atlantic, and Americans remained tethered to the Eastern Seaboard. ...

John Podhoretz says relax on the polls.

The big news Wednesday in Washington was a Washington Post-NBC News poll that shows both a pox on all your houses attitude toward the president and Democrats and Republicans on the handling of the debt issue, but a particular shadow over Republicans because while 58 percent of respondents said Obama was being inflexible in negotiations, 77 percent of them said Republicans were. Also startling is the fact that those who identify themselves as Republicans say Republican lawmakers are being too intransigent–and that 46 percent of Republicans say they believe a mix of tax cuts and spending cuts is the way to go, basically in a statistical tie with the 50 percent who say spending cuts only.

Such a poll is a dagger in the heart of the rejectionist stance of the Tea Partiers in Congress, no? No, actually. Why? Because this is a poll of adults. Not registered voters. Not likely voters. Adults. As a practical matter, a politician judges the danger to himself from a political stand based on how actual voters will respond. In this case, the poll offers no guide to that. Turnout in the 2010 midterm election that brought 63 new Republicans to the House was 41 percent of registered voters. Registered voters make up 61 percent of all adults. Therefore, the actual constituents to whom Republican House members must respond constitute something like 20 percent of the universe of adults who make up the respondents of this poll.

There are two reasons to do a poll of adults only on a complex matter involving Congress in a non-election year. One is cost; it is more expensive to do a rigorous poll of registered or even likely voters. The other is to skew the debate. I report. You decide.

Washington Post reviews a biography of Barack Obama, Sr.

... When Obama **(Sr.)** *flew to Hawaii in August 1959, he left behind a young Kenyan wife already pregnant with their second child. At the university, he pursued a demanding course load and a highly active social life. In the fall of his second year, hardly six weeks elapsed before one new female classmate, 17-year-old Stanley Ann Dunham, became pregnant with their child. The university's foreign student adviser told U.S. immigration agents, who took an active interest in foreign students whose visas required annual renewal, that she already had cautioned the married Kenyan about his dating habits. When Obama informed her in April 1961 that he and Dunham had married two months earlier, Obama also asserted that he had divorced his Kenyan wife. The adviser told the immigration agency she was dubious of that claim, but that Obama had told her that "although they were married they do not live together and Miss Dunham is making arrangements with the Salvation Army to give the baby away." That sentence is redacted in the copy of Obama's immigration file viewable on the Web, but Jacobs, working from a differently processed version, is unable to fully capture the emotional impact of the memos' tale of ongoing official enmity.*

Given Obama's seeming lack of interest in parenting his offspring, adoption may have appealed to him, but no other evidence suggests that Ann Dunham actually considered giving her firstborn child away. Within weeks of Barack Jr.'s birth, Dunham and the baby left Honolulu for her previous home town of Seattle, leaving behind the husband with whom she had never lived. When Obama prepared a resume just before leaving Hawaii for graduate school at Harvard in 1962, he listed "a wife and two children in Kenya," Jacobs reports. "He made no mention of Dunham or Barack Jr." ...

Another book on Obama's parents has received a lot of interest because it turns out one of the president's constant refrains during the campaign, and the health care debate was false. His mother was not denied coverage "for a pre-existing condition" as Obama claimed time and again. Makes one wish he followed in his father's footsteps and made women the destination of his serial lies, rather than voters. Of course, if we had a press in this country we might have had these facts when the country had a chance to avoid 2008's mistake. **Byron York** has the story.

During the 2008 presidential campaign, Barack Obama often discussed his mother's struggle with cancer. Ann Dunham spent the months before her death in 1995, Obama said, fighting with insurance companies that sought to deny her the coverage she needed to pay for treatment.

"I remember in the last month of her life, she wasn't thinking about how to get well, she wasn't thinking about coming to terms with her own mortality, she was thinking about whether or not

insurance was going to cover the medical bills and whether our family would be bankrupt as a consequence," Obama said in September 2007.

"She was in her hospital room looking at insurance forms because the insurance company said that maybe she had a pre-existing condition and maybe they wouldn't have to reimburse her for her medical bills," Obama added in January 2008.

"The insurance companies were saying, 'Maybe there's a pre-existing condition and we don't have to pay your medical bills,' " Obama said in a debate with Republican opponent Sen. John McCain in October 2008.

It was a simple and powerful story, one Obama would tell many more times as president during the national health care debate. But now we're learning the real story of Ann Dunham's health coverage is not quite what her son made it out to be.

So, how is wind power working in Denmark? **American.com** has some answers.
... Not surprisingly, Denmark, like other early adopters of renewable power, is finding it unsustainable, and is backing away from the technology. As Andrew Gilligan reports in The Telegraph, the Danish state-owned power industry will no longer build onshore wind turbines, and consumers are complaining about high energy rates and environmental despoliation:

> *"Earlier this year, a new national anti-wind body, Neighbours of Large Wind Turbines, was created. More than 40 civic groups have become members. "People are fed up with having their property devalued and sleep ruined by noise from large wind turbines," says the association's president, Boye Jensen Odsherred. "We receive constant calls from civic groups that want to join."*

Danish GDP is approximately $270 million lower than it would have been if the wind-sector workforce was employed elsewhere." ...

John Tierney looks at playground design.
When seesaws and tall slides and other perils were disappearing from New York's playgrounds, Henry Stern drew a line in the sandbox. As the city's parks commissioner in the 1990s, he issued an edict concerning the 10-foot-high jungle gym near his childhood home in northern Manhattan.

"I grew up on the monkey bars in Fort Tryon Park, and I never forgot how good it felt to get to the top of them," Mr. Stern said. "I didn't want to see that playground bowdlerized. I said that as long as I was parks commissioner, those monkey bars were going to stay."

His philosophy seemed reactionary at the time, but today it's shared by some researchers who question the value of safety-first playgrounds. Even if children do suffer fewer physical injuries — and the evidence for that is debatable — the critics say that these playgrounds may stunt emotional development, leaving children with anxieties and fears that are ultimately worse than a broken bone.

"Children need to encounter risks and overcome fears on the playground," said Ellen Sandseter, a professor of psychology at Queen Maud University in Norway. "I think monkey bars and tall slides are great. As playgrounds become more and more boring, these are some of the few features that still can give children thrilling experiences with heights and high speed." ...

Real Clear Politics
Wynn Slams Obama On Business: "Responsible For Fear In America"

Steve Wynn, CEO of Wynn Resorts, trashed President Obama on a company conference call today. Below are the most damning portions of the call:

"I believe in Las Vegas. I think its best days are ahead of it. But I'm afraid to do anything in the current political environment in the United States. You watch television and see what's going on on this debt ceiling issue. And what I consider to be a total lack of leadership from the President and nothing's going to get fixed until the President himself steps up and wrangles both parties in Congress. But everybody is so political, so focused on holding their job for the next year that the discussion in Washington is nauseating.

And I'm saying it bluntly, that this administration is the greatest wet blanket to business, and progress and job creation in my lifetime. And I can prove it and I could spend the next 3 hours giving you examples of all of us in this market place that are frightened to death about all the new regulations, our healthcare costs escalate, regulations coming from left and right. A President that seems, that keeps using that word redistribution. Well, my customers and the companies that provide the vitality for the hospitality and restaurant industry, in the United States of America, they are frightened of this administration.And it makes you slow down and not invest your money. Everybody complains about how much money is on the side in America.

You bet and until we change the tempo and the conversation from Washington, it's not going to change. And those of us who have business opportunities and the capital to do it are going to sit in fear of the President. And a lot of people don't want to say that. They'll say, God, don't be attacking Obama. Well, this is Obama's deal and it's Obama that's responsible for this fear in America.

The guy keeps making speeches about redistribution and maybe we ought to do something to businesses that don't invest, their holding too much money. We haven't heard that kind of talk except from pure socialists. Everybody's afraid of the government and there's no need soft peddling it, it's the truth. It is the truth. And that's true of Democratic businessman and Republican businessman, and I am a Democratic businessman and I support Harry Reid. I support Democrats and Republicans. And I'm telling you that the business community in this company is frightened to death of the weird political philosophy of the President of the United States. And until he's gone, everybody's going to be sitting on their thumbs."

IBD - Editorial
Wynn's Rant: One Among Many

Las Vegas CEO Steve Wynn drew attention for a boardroom rant denouncing the intolerable business climate fostered by the White House. He's hardly the first. What's happening is emblematic of a bigger problem.

In a Monday conference call, the casino magnate credited with revitalizing Las Vegas blasted President Obama, declaring him "the greatest wet blanket to business, progress and job creation in my lifetime."

The blast was remarkable for two reasons: Wynn has been a staunch supporter of the Obama administration from the beginning and still considers himself a Democrat. But even more remarkable, it's been out of character for CEOs such as Wynn to express their views in such blunt terms on political matters.

"A lot of people don't want to say that," he said. "They'll say, 'Oh God, don't be attacking Obama.' Well, this is Obama's deal, and it's Obama that's responsible for this fear in America," said Wynn. "The guy keeps making speeches about redistribution, and maybe 'we ought to do something to businesses that don't invest or (are) holding too much money.' We haven't heard that kind of talk except from pure socialists."

Business is being hammered, he said. "And I'm telling you that the business community in this country is frightened to death of the weird political philosophy of the president of the United States."

Wynn's words resonate because America's weak economic growth and high unemployment can be laid in large part to the inexperience of this president and his just-as-callow advisers.

In such a climate, it's no surprise that executive outbursts are erupting like lava from scorched earth. Wynn's remarks echo those on a lengthening list of CEOs including:

• 3M's George Buckley, who blasted Obama last February as anti-business. "We know what his instincts are," Buckley said. "We've got a real choice between manufacturing in Canada or Mexico — which tends to be more pro-business — and America," he told the Financial Times.

• Boeing's Jim McNerney, who in the Wall Street Journal last May called Obama's handpicked National Labor Relations Board's suit against his company a "fundamental assault on the capitalist principles that have sustained America's competitiveness since it became the world's largest economy nearly 140 years ago."

• Intel's Paul Otellini, who told CNET last August that the U.S. legal environment has become so hostile to business that there is likely to be "an inevitable erosion and shift of wealth, much like we're seeing today in Europe — this is the bitter truth."

• Home Depot co-founder Bernie Marcus, who observed to radio host Hugh Hewitt last month that Obama "never had to make payroll," that "nobody has ever created a job in this administration" and that the president is "surrounded by college professors."

• GE's Jeffrey Immelt, one of Obama's biggest supporters, who hit out at the president last year. "Business did not like the U.S. president and the president did not like business," the FT reported him saying. "People are in a really bad mood. We have to become an industrial powerhouse again, but you don't do this when government and entrepreneurs are not in sync."

• Berkshire Hathaway CEO Warren Buffett, another Obama backer, who blasted Obama's bank tax in January 2010 as a "guilt tax," once called Obama's carbon tax idea "regressive" and this month denounced Obama's obsession with corporate jets.

These aren't the only ones. CEOs of battered oil companies like Chevron and Exxon Mobil, media companies like Fox News and Forbes, and business groups like the Chamber of Commerce have also spoken out. When the creators of jobs and wealth are saying the same thing, isn't it time for the White House to listen up?

Forbes

A Decline In U.S. Startups Through the Eyes of Bruce Bartlett

by John Tamny

A recent *USA Today* headline, “Weakest start-ups since early ‘90s”, probably didn’t surprise economist Bruce Bartlett, assuming he saw it. He wrote about a similarly soft entrepreneurial environment in the 1970s.

Indeed, while the modern Bartlett has seemingly moved to the dark side, his 1981 book, *Reaganomics*, written before Ronald Reagan reached office, remains essential reading for anyone who wants to understand economic policy. In his classic book, Bartlett not only explained why entrepreneurialism is essential for economic growth, but also the barriers governments erect to it that must be reduced in order to get a nation’s restless minds producing.

First up is the loss of innovation that results from reduced startups. Though *Reaganomics* is 30 years old, Bartlett made a point that likely remains true today that “the largest proportion of important new inventions are still the result of individuals working virtually alone, rather than by big corporate laboratories.”

At first glance we can see that a reduction in the formation of companies formed in the proverbial garage means less exciting inventions down the line. Reduced startups mean less innovation. Simple as that.

Sarbanes-Oxley also comes to mind here in that an ill-conceived law that turned public company CEOs into accountants has surely poured gasoline on the above fire. To put it very simply, Sarbanes-Oxley has made going public far less attractive to smaller, innovative companies lacking the infrastructure to comply with the law.

As a result, some have chosen to be purchased by larger companies over floating their shares to investors. Given a first pass we can see that what we’ve all lost here is the ability to put our savings into exciting companies, only to watch them hopefully grow.

Secondly, big companies, by virtue of being large, are more bureaucratic, and they’re understandably more careful given how much they stand to lose if they fund egregious errors. So in swallowing existing startups that are less eager to navigate the jungle of being public, we as individuals lose for the larger acquirers to varying degrees snuffing out the risky dynamism that characterizes startups, along with startups that eventually go public.

Bartlett confirms the previous narrative. As he wrote 30 years ago, “the individual entrepreneur is still the basic motivating force in the economy, not just in terms of new inventions, as noted earlier, but in terms of meeting all of the consumer’s wants. Any measures which suppress entrepreneurship will ultimately cause the economy to stagnate.” Sarbanes-Oxley is the picture definition of stagnation for making it more difficult for companies to grow, and eventually raise serious growth capital in the public markets.

Moving beyond Sarbanes-Oxley which is a modern mistake, we can then look at taxation, specifically the taxation of capital gains. Here Bartlett provides further clues as to the lagging startup environment, though not in the way most would assume.

As Bartlett put it in 1981, a “capital gain (or loss) is the difference between the purchase price of an asset and its sale price.” Paraphrasing Schumpeter for a moment, startups can’t be startups without capital, so it’s important that the cost (meaning the tax) imposed on savers be light so that exciting concepts can attract investment.

Bartlett was of course writing about the 1970s, but his analysis remains instructive today. As he noted, until 1969 the top capital gains tax on long-term capital was 25%, but in the same year, the aforementioned rate was increased to 50%. The impact on IPOs was profoundly negative.

Whereas there were 1,298 IPOs in 1969, Bartlett revealed that by 1970 the number had been reduced to 566, and by 1978 new public offerings had declined to 18. Taxes are nothing more than a price, and if you raise the price of delaying consumption in favor of investment, you necessarily get less of it.

How this applies to startups is simple. Rarely does an idea get taken public on the first day. Instead, more lightly funded ideas begin as startups, and if successful, they’ll go public in a correctly taxed and regulated environment.

Notably, capital gains taxes were reduced in 1978, and Bartlett reported that new issuances immediately increased. In the second half of 1978 40 new companies were taken public, and then in 1979 144 companies floated their shares. Lower the cost of investment, get more of it.

To his own numbers, Bartlett may well reply today that tax rates can no longer be explained away as the reason for a reduction in startups, and subsequent IPOs (46 in 2010 versus 210 in 2000). The reply would of course be valid in that the capital gains rate is now 15%, quite a bit lower than it was after the reduction in 1978, not to mention the ‘80s.

Happily, Bartlett’s essential book explains this seeming oddity too. As most know now, the falling dollar in the ‘70s tautologically made the decade an inflationary one, and this eroded profits. As Bartlett put it, “Inflation gives the firm ‘paper’ profits on the sale of inventory stock which was accumulated when prices were lower. But since a firm must maintain a given level of inventories, such ‘profits’ are immediately eaten up by inventory replacement. Hence, such profits are not ‘real.’”Inflation always steals the benefits of devaluation.

Furthermore, inflation itself is a certain tax because capital invested is returned to investors (if they’re lucky) reduced in value. Basically you can tax capital gains in two ways; first through a higher rate that erodes returns, and second through devaluation which achieves the same. High capital gains rates surely dampened the ‘70s IPO market (and startups before IPOs), but the falling dollar’s role can’t be minimized.

Bartlett might reply today that inflation is non-existent, but if we measured inflation the way we did in the ‘70s when Bartlett knew it to be real, the admittedly faulty numbers calculated by our federal government would be very similar. Inflation was a problem then, it is today, and even though capital gains rates are historically low, the weak dollar has made the cost of investing very high on the way to a depressed market for startups.

To make simple what already is, the nature of startup companies means they account for a great deal of innovation that improves our lives, all the while creating jobs and great wealth. Sadly, company formation today is at the lowest point since the BLS began measuring it, and the answers for why are all in Bruce Bartlett’s excellent book, *Reaganomics.*

Bloomberg News

[Boeing’s Uniquely American Right to Take Flight]

by Edward Glaeser

Americans, and their companies, have long benefited from their freedom to move throughout our country.

In the 19th century, we moved in search of natural resources, exchanging the stony soil of New England for the rich soil of Iowa. In the 20th century, Americans were more likely to migrate in search of better political environments, like the blacks who fled the Jim Crow states of the South.

The profound role that mobility has played in our country, enabling repeated reinvention, causes me to be deeply worried about the possibility that a National Labor Relations Board complaint will prevent Boeing Co. (BA) from moving plane production from Washington state to South Carolina.

I am an economist, not a lawyer, and I have nothing to say about the legal issues surrounding the NLRB’s complaint. I am sure the NLRB is doing what it understands to be its legal duty, preventing retaliation against union activity.

Yet I also dearly hope that the judicial process will affirm the right of companies, and people, to freely choose their locations. The U.S. economy -- especially our challenged manufacturing sector -- needs more, not less, freedom to adapt and innovate.

The story of America is one of constant geographic movement. In 1816, before DeWitt Clinton had dug his ditch, it cost as much to move goods 30 miles over land as it did to ship them across the Atlantic, and Americans remained tethered to the Eastern Seaboard.

Transportation Network

Over the course of the next century, we built a great transportation network of canals and rail that made it possible to transport more than just whiskey from Western farms. We left the Atlantic Coast to take advantage of the continent's riches - - Midwestern land, California gold, Pittsburgh coal, Minnesota iron -- and that migration made us more prosperous.

In 1870, Iowa's farms were producing 40 bushels of corn per acre, while Maryland farmers were making do with 22 bushels. Frederick Jackson Turner wrote almost 120 years ago that "American history has been in a large degree the history of the colonization of the Great West."

Turner argued that American institutions were shaped by those who were "crossing a continent" and "winning a wilderness." Consequently, he said, the closing of the frontier was "the closing of a great historic movement."

Rise of Cities

But we didn't stop moving. While 19th century Americans spread out, searching for nature's bounty, those of the 20th century came together in cities and metropolitan areas, seeking the productive advantages of urban proximity.

East of the Mississippi, population growth was faster in more sparsely populated counties in every decade of the 19th century except for the war-torn 1860s, and it was faster in more populated counties during every decade between 1900 and 1970.

During the past decade, population growth was, on average, negative in the fifth of U.S. counties with the least population density, and more than 12 percent in the most densely populated ones.

The story is a little different for blacks, whose decision to leave the rural South for the northern cities was motivated as much by politics as by economic advancement.

Richard Wright's novel "Black Boy" eloquently connects migration with freedom: "I headed north full of a hazy notion that life could be lived with dignity, that the personalities of others should not be violated, that men should be able to confront other men without fear or shame, and that if men were lucky in their living on earth they might win some redeeming meaning for their having struggled and suffered here beneath the stars."

Migration Pressure

These movements of population also have beneficial consequences for the areas that migrants are leaving. More than 50 years ago, Charles Tiebout started the field of local public finance, and argued that the ability of citizens to "vote with their feet" can induce localities to clean up their act. Robert Margo has provided evidence suggesting that the potential black exodus improved conditions even for blacks who stayed in the Jim Crow South, because white Southern leaders were worried about losing their labor force.

The historian Alan Grimes wrote that Western states instituted female suffrage as "a kind of political bait to lure women from the East.'"

Although pre-World War II industrialization fueled the growth of Midwestern cities, the postwar trend has been toward Southern states with more pro-business policies.

Right to Work

The economist Thomas Holmes examined the effect of right- to-work laws by comparing the growth of manufacturing in neighboring counties on opposite sides of state borders. Between 1947 and 1992, manufacturing grew 23 percent more on the anti-union side of the state line.

Although the movement to pro-business states surely helped keep U.S. manufacturing globally competitive, some analysts argue that the free migration of people and businesses creates a race to the bottom, where local attempts to right social wrongs are undermined by the ability of companies to leave.

There is surely some truth to this view, but the right response to this problem isn't to limit mobility. We should want our companies to move where they can be most productive. The right response is to address social inequities with national, rather than state or local, policies.

And that takes us back to the NLRB complaint, which alleges that Boeing's president said he is "moving the 787 Dreamliner work to South Carolina due to 'strikes happening every three to four years in Puget Sound.'"

Avoiding Unions

Holmes' work strongly suggests that manufacturing companies have been moving to avoid union power and find lower labor costs for more than 60 years.

Perhaps company presidents should never admit that they consider labor conditions when moving production, but they surely always will and that isn't a bad thing. When a company moves to a lower-wage state, it is both making itself more competitive and boosting labor demand in a poorer place. Surely, equity enthusiasts should cheer when jobs come to low- income areas.

The U.S. has benefitted enormously from migration. For centuries, people and companies have been free to choose locations that meet their needs. We need our industries to be as nimble and innovative as possible, and we should all worry about any legal precedent that restricts the ability of U.S. manufacturing to compete.

(Edward Glaeser, an economics professor at Harvard University, is a Bloomberg View columnist. He is the author of "Triumph of the City." The opinions expressed are his own.)

Contentions

Be Skeptical of That WaPo-ABC News Poll

by John Podhoretz

The big news Wednesday in Washington was a Washington Post-NBC News poll that shows both a pox on all your houses attitude toward the president and Democrats and Republicans on the handling of the debt issue, but a particular shadow over Republicans because while 58 percent of respondents said Obama was being inflexible in negotiations, 77 percent of them said Republicans were. Also startling is the fact that those who identify themselves as Republicans say Republican lawmakers are being too intransigent–and that 46 percent of Republicans say they believe a mix of tax cuts and spending cuts is the way to go, basically in a statistical tie with the 50 percent who say spending cuts only.

Such a poll is a dagger in the heart of the rejectionist stance of the Tea Partiers in Congress, no? No, actually. Why? Because this is a poll of *adults*. Not registered voters. Not likely voters. *Adults*. As a practical matter, a politician judges the danger to himself from a political stand based on how actual voters will respond. In this case, the poll offers no guide to that. Turnout in the 2010 midterm election that brought 63 new Republicans to the House was 41 percent of *registered voters*. Reigstered voters make up 61 percent of all adults. Therefore, the actual constituents to whom Republican House members must respond constitute something like 20 percent of the universe of *adults* who make up the respondents of this poll.

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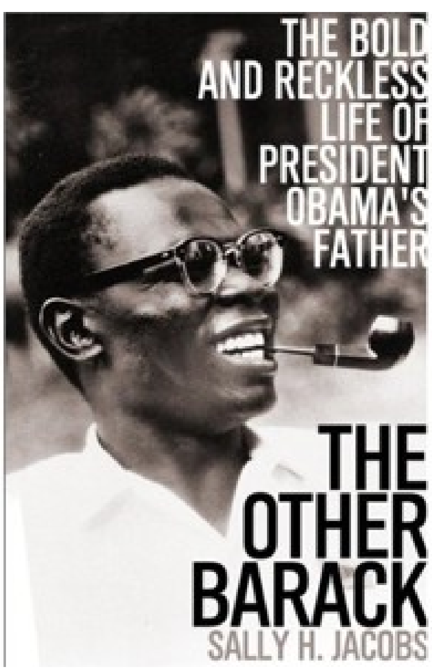
Washington Post
'The Other Barack' by Sally H. Jacobs
by David J. Garrow

Barack Obama Sr. married four times, but the most important woman in his sadly troubled life was a middle-aged American literacy teacher, Elizabeth "Betty" Mooney, who hired the young Kenyan as her Nairobi secretary in 1958 and soon sponsored — and helped fund — his dream of attending college in the United States.

Obama flew to the U.S. not as part of a larger student airlift, as is generally believed, but only because Mooney mentored his admission to the University of Hawaii and persuaded fellow literacy advocate Frank Laubach to help defray Obama's expenses. This significant discovery is just one of many notable revelations in Sally Jacobs's "The Other Barack," but the cumulative effect of her thoroughly researched biography is deeply depressing. Jacobs, a reporter for the Boston Globe, has far outstretched all previous journalists in unearthing an impressive array of new information about Obama's life, but her richly sourced account of how a promising young adulthood quickly descended into daily alcoholic binges and serial domestic violence paints an even more dramatically downbeat portrait than did Obama's namesake son 16 years ago in "Dreams From My Father." Indeed, although "The Other Barack" greatly enriches our knowledge of the elder Obama's life, it is such a painfully disheartening narrative that some interested readers — and certainly one in particular — should avoid Jacobs's tragic account.



When Obama flew to Hawaii in August 1959, he left behind a young Kenyan wife already pregnant with their second child. At the university, he pursued a demanding course load and a highly active social life. In the fall of his second year, hardly six weeks elapsed before one new female classmate, 17-year-old Stanley Ann Dunham, became pregnant with their child. The university's foreign student adviser told U.S. immigration agents, who took an active interest in foreign students whose visas required annual renewal, that she already had cautioned the married Kenyan about his dating habits. When Obama informed her in April 1961 that he and Dunham had married two months earlier, Obama also asserted that he had divorced his Kenyan wife. The adviser told the immigration agency she was dubious of that claim, but that Obama had told her that "although they were married they do not live together and Miss Dunham is making arrangements with the Salvation Army to give the baby away." That sentence is redacted in the copy of Obama's immigration file viewable on the Web, but Jacobs, working from a differently processed version, is unable to fully capture the emotional impact of the memos' tale of ongoing official enmity.

Given Obama's seeming lack of interest in parenting his offspring, adoption may have appealed to him, but no other evidence suggests that Ann Dunham actually considered giving her firstborn child away. Within weeks of Barack Jr.'s birth, Dunham and the baby left Honolulu for her previous home town of Seattle, leaving behind the husband with whom she had never lived. When Obama prepared a resume just before leaving Hawaii for graduate school at Harvard in 1962, he listed "a wife and two children in Kenya," Jacobs reports. "He made no mention of Dunham or Barack Jr."

Obama's admission to Harvard's PhD program in economics attested to his academic success in Hawaii, but once again his freewheeling personal life attracted official criticism. A Unitarian minister complained to U. S. immigration that Obama was intimately involved with a young Kenyan woman attending a Boston-area high school, and after two years, Harvard's international student adviser told immigration agents that the university did not want Obama's visa to be extended for a third year. Obama had passed the examinations qualifying him to begin writing his dissertation, but Harvard's action — expressly motivated by animus toward his personal conduct, and with no academic rationale — forced the visibly upset graduate student to return to Kenya with only a master's degree.

Within weeks of Obama's departure for Nairobi, his newest girlfriend, 27-year-old Ruth Baker, got on a plane to follow him. They married four months later, and the following year Ruth met Obama's first wife, Kezia, in a Nairobi hospital after their husband's drunken driving left a young friend dead and Obama with two broken legs.

Ruth Obama Ndesandjo is the book's most compelling and memorable source; the stories of her life with Obama describe nothing less than a living hell. "He was a man I had a very strong passion for," she told Jacobs, but "The Other Barack" narrates a series of increasingly violent drunken assaults that culminated with Obama putting a knife to her neck. "I did not think he would really kill me. He was a bluffer," Ruth explained. She realized that at her husband's core, "he had a great, enormous insecurity" that nothing except endless amounts of whiskey could medicate. Only when Obama struck one of their two young sons did she finally leave him.

Obama stumbled in and out of several mid-rank government jobs before killing himself in his umpteenth drunken car crash in November 1982. By then he was living with a fourth wife, or wife-to-be, a 20-year-old woman who had given birth to his youngest child six months earlier. The great promise and energy that Betty Mooney had seen in him a quarter-century earlier was long spent. But had white antipathy toward his unrestrained personal life not shattered Obama's life dream of a Harvard PhD, whiskey might not have derailed a brilliant alcoholic from a life of far greater length and achievement.

Washington Examiner

Fresh doubt cast on Obama's health care story

by Byron York

During the 2008 presidential campaign, Barack Obama often discussed his mother's struggle with cancer. Ann Dunham spent the months before her death in 1995, Obama said, fighting with insurance companies that sought to deny her the coverage she needed to pay for treatment.

"I remember in the last month of her life, she wasn't thinking about how to get well, she wasn't thinking about coming to terms with her own mortality, she was thinking about whether or not insurance was going to cover the medical bills and whether our family would be bankrupt as a consequence," Obama said in September 2007.

"She was in her hospital room looking at insurance forms because the insurance company said that maybe she had a pre-existing condition and maybe they wouldn't have to reimburse her for her medical bills," Obama added in January 2008.

"The insurance companies were saying, 'Maybe there's a pre-existing condition and we don't have to pay your medical bills,' " Obama said in a debate with Republican opponent Sen. John McCain in October 2008.

It was a simple and powerful story, one Obama would tell many more times as president during the national health care debate. But now we're learning the real story of Ann Dunham's health coverage is not quite what her son made it out to be.

The news is in "A Singular Woman: The Untold Story of Barack Obama's Mother," a generally admiring new biography written by former New York Times reporter Janny Scott. According to the book, Ann Dunham, an anthropologist who spent most of her working life in Indonesia, moved from Jakarta to New York in 1992 to work for a nonprofit called Women's World Banking, which encouraged micro-lending in Third World countries. Unhappy in New York, in 1994 Dunham took a job with an American company called Development Alternatives, which had a contract with the Indonesian State Ministry for the Role of Women. Dunham returned to Jakarta to work, and Scott reports the job provided Dunham with health insurance, a housing allowance, and a car.

At the time she took the job, Dunham was increasingly worried about her health; she was suffering from intense abdominal pains. In November 1994, Dunham went to an Indonesian doctor who diagnosed appendicitis. As Dunham debated whether to leave the country for surgery, she called her boss at Development Alternatives. "You've got health insurance, that's taken care of," the boss told her. "We can cover the airfare."

Dunham decided to stay in Jakarta, where she underwent an appendectomy. But the pain did not go away, and Dunham feared, correctly, that she was terribly ill. In January 1995 she left Indonesia to go home to Honolulu, where she was diagnosed with advanced uterine and ovarian cancer. She began a regime of surgery and chemotherapy.

That is the time during which Obama says his mother battled insurance companies to cover her illness. But Scott, who had access to Dunham's correspondence from the time, reveals that Dunham unquestionably had health coverage. "Ann's compensation for her job in Jakarta had included health insurance, which covered most of the costs of her medical treatment," Scott writes. "Once she was back in Hawaii, the hospital billed her insurance company directly, leaving Ann to pay only the deductible and any uncovered expenses, which, she said, came to several hundred dollars a month."

Scott writes that Dunham, who wanted to be compensated for those costs as well as for her living expenses, "filed a separate claim under her employer's disability insurance policy." It was that claim, with the insurance company CIGNA, that was denied in August 1995 because, CIGNA investigators said, Dunham's condition was known before she was covered by the policy.

Dunham protested the decision and, Scott writes, "informed CIGNA that she was turning over the case to 'my son and attorney, Barack Obama.' " CIGNA did not budge.

In September 1995, Dunham traveled to New York for an evaluation at the renowned Memorial Sloan-Kettering Cancer Center. Returning to Hawaii, she began a new course of treatment. She died in November.

A dozen years later, her son turned her ordeal into a campaign pitch for national health care. But the story Obama told, Scott writes, was "abbreviated" -- the abbreviation was to leave out the fact that Ann Dunham had health insurance that paid for her treatment. "Though he often suggested that she was denied health coverage because of a pre-existing condition," Scott writes, "it appears from her correspondence that she was only denied disability coverage."

That's a different story altogether. One the president never told.

American.Com

[Rotten Wind in the State of Denmark]

by Kenneth P. Green

Denmark is yet another country that has made wind power a hallmark of its energy policy. President Obama has praised the Danes for their aggressive wind power program, telling an Earth Day audience in Iowa: “Today, America produces less than 3 percent of our electricity through renewable sources like wind and solar—less than 3 percent. Now, in comparison, Denmark produces almost 20 percent of their electricity through wind power." The U.S. Energy Information Administration tells America's children that "Denmark ranks ninth in the world in wind power capacity, but generates about 20 percent of its electricity from wind." That sounds impressive, but is it true?

Not according to Danish think tank CEPOS, which issued a 2009 report entitled "Wind Energy, the case of Denmark." CEPOS found that rather than generating 20 percent of its energy from wind,

> Denmark generates the equivalent of about 19 percent of its electricity demand with wind turbines, but wind power contributes far less than 19 percent of the nation's electricity demand. The claim that Denmark derives about 20 percent of its electricity from wind overstates matters. Being highly intermittent, wind power has recently (2006) met as little as 5 percent of Denmark's annual electricity consumption with an average over the last five years of 9.7 percent.

The CEPOS study revealed that while Denmark can only produce and consume as much wind power as it does due to a convenient circumstance: neighboring countries have hydropower that can quickly and effectively balance the flow of electricity on their energy grid, allowing Denmark to export surplus wind capacity.

The study continues:

> Denmark manages to keep the electricity systems balanced due to having the benefit of its particular neighbors and their electricity mix. Norway and Sweden provide Denmark, Germany, and Netherlands access to significant amounts of fast, short-term balancing reserve, via interconnectors. They effectively act as Denmark's "electricity storage batteries". Norwegian and Swedish hydropower can be rapidly turned up and down, and Norway's lakes effectively "store" some portion of Danish wind power.
>
> Over the last eight years West Denmark has exported (couldn't use), on average, 57 percent of the wind power it generated and East Denmark an average of 45 percent. The correlation between high wind output and net outflows makes the case that there is a large component of wind energy in the outflow indisputable.

Finally, the CEPOS study found that Danish consumers are the ones who take it on the chin. Denmark's electricity prices are the highest in the entire European Union. And the greenhouse gas reduction benefits? Slim to none, since the exported wind power replaces hydropower, which does not produce significant greenhouse gas emissions. The wind power consumed in Denmark does displace some fossil fuel emissions, but at some cost: $124 per ton, nearly six times the price on the European Trading System.

"Denmark's electricity prices are the highest in the entire European Union."

With regard to green jobs, CEPOS found "that the effect of the government subsidy has been to shift employment from more productive employment in other sectors to less productive employment in the wind industry. As a consequence, Danish GDP is approximately DKK1.8 billion ($270 million) lower than it would have been if the wind-sector workforce was employed elsewhere."

Not surprisingly, Denmark, like other early adopters of renewable power, is finding it unsustainable, and is backing away from the technology. As Andrew Gilligan reports in The Telegraph, the Danish state-owned power industry will no longer build onshore wind turbines, and consumers are complaining about high energy rates and environmental despoliation:

> "Earlier this year, a new national anti-wind body, Neighbours of Large Wind Turbines, was created. More than 40 civic groups have become members. "People are fed up with having their property devalued and sleep ruined by noise from large wind turbines," says the association's president, Boye Jensen Odsherred. "We receive constant calls from civic groups that want to join."

Danish GDP is approximately $270 million lower than it would have been if the wind-sector workforce was employed elsewhere."

In previous weeks, we've explored the experience of several European countries that bought into the great green promise: that somehow, forcing green energy into the world's energy grids would not only lead to less expensive, more stable, and more locally grown energy, it would lead to new technologies that could be exported at a profit, all while creating more jobs than might be destroyed in the historic energy sector.

The equation was supposed to be simple: green energy policies = cheap energy + green technology exports + green jobs + environmental benefits.

What we have seen is not what was promised. The new green energy technologies produce more expensive, less reliable, less abundant energy at higher prices than conventional forms of energy such as fossil fuels, nuclear power, and hydropower. Households, particularly poor households, shoulder the brunt of higher energy prices, along with higher prices for goods and services, including food. Evidence about the environmental benefits of wind and solar power make it nearly impossible to say if there was any environmental benefit. In addition, the green energy push in the countries we examined led to net job destruction, industrial flight, and reliance on foreign technology imports, and it opened the door to rampant rent-seeking and corruption.

As it turns out, the equation turns out to be: green energy policies = more expensive energy, goods, and services + green hardware *imports* + industry flight – jobs on net + rent-seeking and corruption +/– limited and costly environmental benefits.

Kenneth P. Green is a resident scholar at the [American Enterprise Institute](#).

NY Times

[Can a Playground Be Too Safe?](#)

by John Tierney

When seesaws and tall slides and other perils were disappearing from New York's playgrounds, Henry Stern drew a line in the sandbox. As the city's parks commissioner in the 1990s, he issued an edict concerning the 10-foot-high jungle gym near his childhood home in northern Manhattan.

"I grew up on the monkey bars in Fort Tryon Park, and I never forgot how good it felt to get to the top of them," Mr. Stern said. "I didn't want to see that playground bowdlerized. I said that as long as I was parks commissioner, those monkey bars were going to stay."

His philosophy seemed reactionary at the time, but today it's shared by some researchers who question the value of safety-first playgrounds. Even if children do suffer fewer physical injuries — and the evidence for that is debatable — the critics say that these playgrounds may stunt emotional development, leaving children with anxieties and fears that are ultimately worse than a broken bone.

"Children need to encounter risks and overcome fears on the playground," said Ellen Sandseter, a professor of psychology at Queen Maud University in Norway. "I think monkey bars and tall slides are great. As playgrounds become more and more boring, these are some of the few features that still can give children thrilling experiences with heights and high speed."

After observing children on playgrounds in Norway, England and Australia, Dr. Sandseter identified six categories of risky play: exploring heights, experiencing high speed, handling dangerous tools, being near dangerous elements (like water or fire), rough-and-tumble play (like wrestling), and wandering alone away from adult supervision. The most common is climbing heights.

"Climbing equipment needs to be high enough, or else it will be too boring in the long run," Dr. Sandseter said. "Children approach thrills and risks in a progressive manner, and very few children would try to climb to the highest point for the first time they climb. The best thing is to let children encounter these challenges from an early age, and they will then progressively learn to master them through their play over the years."

Sometimes, of course, their mastery fails, and falls are the common form of playground injury. But these rarely cause permanent damage, either physically or emotionally. While some psychologists — and many parents — have worried that a child who suffered a bad fall would develop a fear of heights, studies have shown the opposite pattern: A child who's hurt in a fall before the age of 9 is less likely as a teenager to have a fear of heights.

By gradually exposing themselves to more and more dangers on the playground, children are using the same habituation techniques developed by therapists to help adults conquer phobias, according to Dr. Sandseter and a fellow psychologist, Leif Kennair, of the Norwegian University for Science and Technology.

“Risky play mirrors effective cognitive behavioral therapy of anxiety,” they write in the journal Evolutionary Psychology, concluding that this “anti-phobic effect” helps explain the evolution of children’s fondness for thrill-seeking. While a youthful zest for exploring heights might not seem adaptive — why would natural selection favor children who risk death before they have a chance to reproduce? — the dangers seemed to be outweighed by the benefits of conquering fear and developing a sense of mastery.

“Paradoxically,” the psychologists write, “we posit that our fear of children being harmed by mostly harmless injuries may result in more fearful children and increased levels of psychopathology.”

The old tall jungle gyms and slides disappeared from most American playgrounds across the country in recent decades because of parental concerns, federal guidelines, new safety standards set by manufacturers and — the most frequently cited factor — fear of lawsuits.

Shorter equipment with enclosed platforms was introduced, and the old pavement was replaced with rubber, wood chips or other materials designed for softer landings. These innovations undoubtedly prevented some injuries, but some experts question their overall value.

“There is no clear evidence that playground safety measures have lowered the average risk on playgrounds,” said David Ball, a professor of risk management at Middlesex University in London. He noted that the risk of some injuries, like long fractures of the arm, actually increased after the introduction of softer surfaces on playgrounds in Britain and Australia.

“This sounds counterintuitive, but it shouldn’t, because it is a common phenomenon,” Dr. Ball said. “If children and parents believe they are in an environment which is safer than it actually is, they will take more risks. An argument against softer surfacing is that children think it is safe, but because they don’t understand its properties, they overrate its performance.”

Reducing the height of playground equipment may help toddlers, but it can produce unintended consequences among bigger children. “Older children are discouraged from taking healthy exercise on playgrounds because they have been designed with the safety of the very young in mind,” Dr. Ball said. “Therefore, they may play in more dangerous places, or not at all.”

Fear of litigation led New York City officials to remove seesaws, merry-go-rounds and the ropes that young Tarzans used to swing from one platform to another. Letting children swing on tires became taboo because of fears that the heavy swings could bang into a child.

“What happens in America is defined by tort lawyers, and unfortunately that limits some of the adventure playgrounds,” said Adrian Benepe, the current parks commissioner. But while he misses the Tarzan ropes, he’s glad that the litigation rate has declined, and he’s not nostalgic for asphalt pavement.

“I think safety surfaces are a godsend,” he said. “I suspect that parents who have to deal with concussions and broken arms wouldn’t agree that playgrounds have become too safe.” The ultra-safe enclosed platforms of the 1980s and 1990s may have been an overreaction, Mr. Benepe said, but lately there have been more creative alternatives.

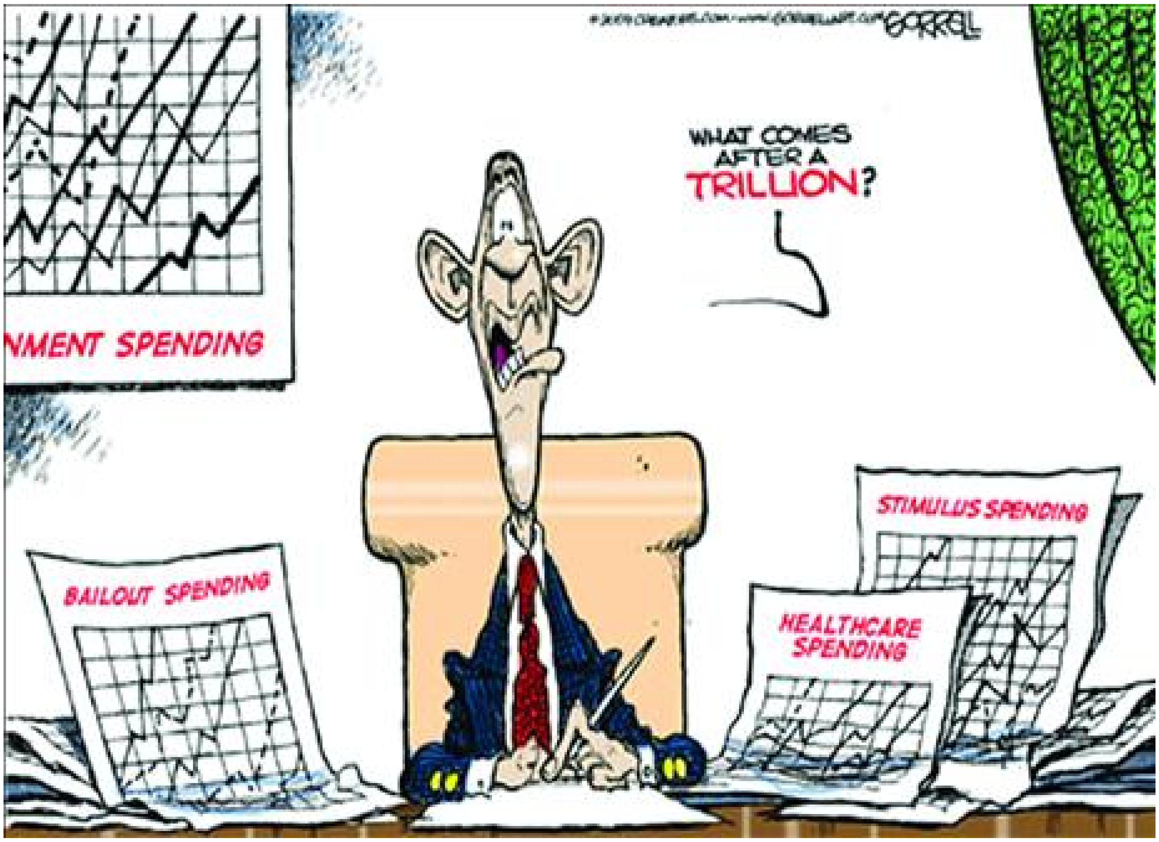
“The good news is that manufacturers have brought out new versions of the old toys,” he said. “Because of height limitations, no one’s building the old monkey bars anymore, but kids can go up smaller climbing walls and rope nets and artificial rocks.”

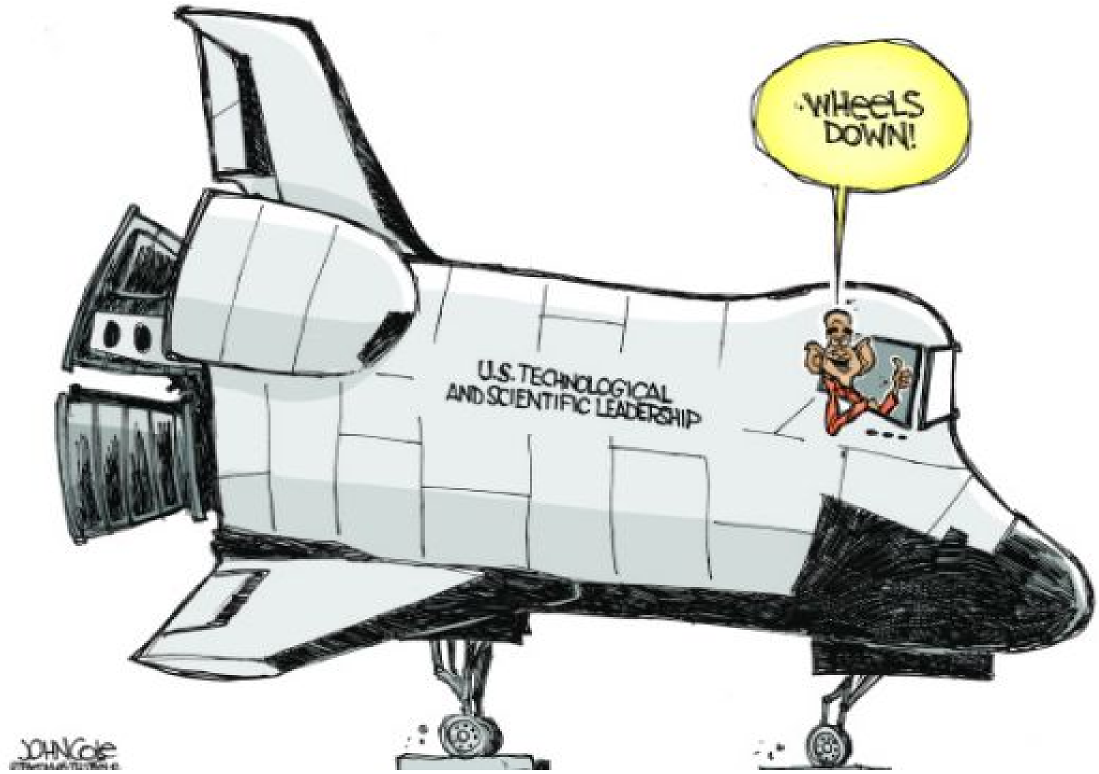
Still, sometimes there's nothing quite like being 10 feet off the ground, as a new generation was discovering the other afternoon at Fort Tryon Park. A soft rubber surface carpeted the pavement, but the jungle gym of Mr. Stern's youth was still there. It was the prime destination for many children, including those who'd never seen one before, like Nayelis Serrano, a 10-year-old from the South Bronx who was visiting her cousin.

When she got halfway up, at the third level of bars, she paused, as if that was high enough. Then, after a consultation with her mother, she continued to the top, the fifth level, and descended to recount her triumph.

"I was scared at first," she explained. "But my mother said if you don't try, you'll never know if you could do it. So I took a chance and kept going. At the top I felt very proud." As she headed back for another climb, her mother, Orkidia Rojas, looked on from a bench and considered the pros and cons of this unfamiliar equipment.

"It's fun," she said. "I'd like to see it in our playground. Why not? It's kind of dangerous, I know, but if you just think about danger you're never going to get ahead in life."

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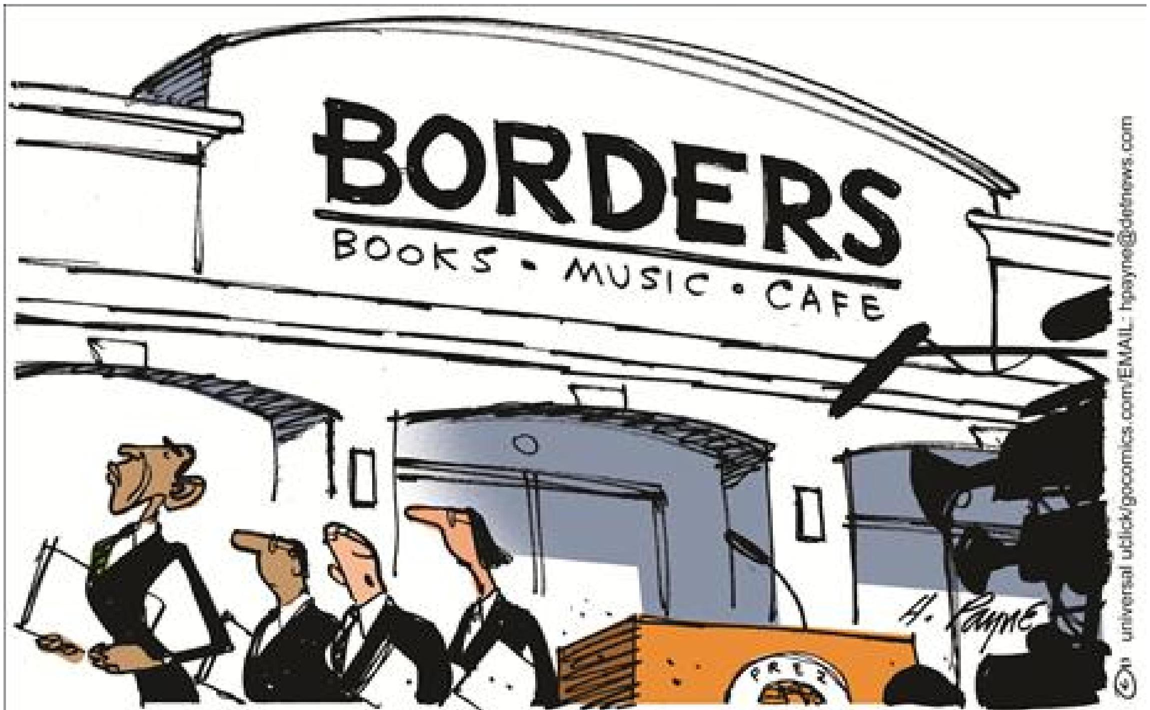

"The president canceled the federal bailout. Borders is non-union."

"YES, THE BUGS ARE BAD THIS YEAR...ON THE OTHER HAND, I'M GETTING A GOOD VIEW OF THE FLOODING."