August 21, 2011

What we saw during the bus tour of the Mid West was the president accusing the GOP of wishing failure for the country so they would have political success. **Charles Krauthammer** has some thoughts about that charge. Perhaps in his old career he would have called it projection.

... The charge is not just ugly. It's laughable. All but five Republican members of the House — moderate, establishment, Tea Party, freshmen alike — voted for a budget containing radical Medicare reform knowing it could very well end many of their careers. Democrats launched gleefully into Mediscare attacks, hardly believing their luck that Republicans should have proposed something so politically risky in pursuit of fiscal solvency. Yet Obama accuses Republicans of acting for nothing but partisan advantage.

This from a man who has cagily refused to propose a single structural reform to entitlements in his three years in office. A man who ordered that the Afghan surge be unwound by September 2012, a date that makes no military sense (it occurs during the fighting season), a date not recommended by his commanders, a date whose sole purpose is to give Obama political relief on the eve of the 2012 election. And Obama dares accuse others of placing politics above country?

A plague of bad luck and bad faith — a recalcitrant providence and an unpatriotic opposition. Our president wrestles with angels. Monsters of mythic proportions.

A comforting fantasy. But a sorry excuse for a failing economy and a flailing presidency.

Warren Buffett, wise investor, is campaigning for higher taxes for the "rich." Pickerhead thinks if Buffett cared so much about public service, he might have issued some warnings about Fannie Mae's and Freddie Mac's dangers to our economy. These were organizations he knew well. Berkshire Hathaway first bought heavily into them in 1988. At that time he owned 3.2% of Freddie Mac. The maximum allowed by law according to notes in the 1988 statements. Then in 1992 the holdings went up to 8.2% without any apparent note on how the law was changed. In 2000 that position was liquidated for a profit in the range of $3 billion. During 1988, Berkshire also started investing in Coca-Cola. A holding now worth $13 billion. So Buffett unloaded Freddie and Fannie while he let profits ride elsewhere. What did he know? And why didn't he share that with the country from 2000 to 2006 when there might have been a chance to prevent the worst excesses of the real estate bubble?

Peter Ferrara in Forbes points out the folly of Buffett's present campaign for higher taxes. Like they say, no fool like an old fool. Then again, maybe he's just continuing to be greedy, since his large holdings in insurance companies would benefit from higher taxes on income and estates.

And another thing; every time a hurricane hits and some enterprising soul gathers up and sells generators and the like in the stricken area, they are routinely maligned by the media for profiting from other's misery. Yet Buffett was roundly admired in 2008 for his usurious investment in Goldman Sachs. ***($5 billion of perpetual preferred stock with a juicy 10% coupon, as well as warrants that give it the right to buy $5 billion of common stock at any time in the next five years for $115 -- 8% below Goldman's closing stock price)*** Goldman stock spent the better part of the last two years north of $150 per share. You do the math. Sorry for the rant, here's Ferrara;

Warren Buffett is performing a gross public disservice in creating urban myths about the nature of the tax system in America. Those myths will mislead millions of Americans about the fundamentals of their own country.

Buffett began his media offensive with an op-ed in the New York Times on Sunday, "Stop Coddling the Super Rich," where he complained that taxes need to be raised on "the rich" so they can pay their fair share. He reported that he paid 17.4% of his income in federal taxes, and claimed "If you make money with money, as some of my super-rich friends do, your percentage may be a bit lower than mine. But if you earn money from a job, your percentage will surely exceed mine — most likely by a lot." That is inaccurate.

Official IRS data shows that for 2007, before President Obama was even elected, the top 1% of income earners paid more in federal income taxes than the bottom 95% combined. That top 1% paid 40.4% of all federal income taxes, almost twice their share of income. When Ronald Reagan entered office, the top 1% paid 17.6% of all federal income taxes. That is why Jack Kemp always used to say if you want to soak the rich, cut tax rates. ...

... A central factor that Buffett doesn't understand is the multiple taxation of capital. He complains about the 15% capital gains tax rate as unfair, since his secretaries pay higher income tax rates. But the capital gains tax is only one layer of taxation on capital income. Capital income is also subject to the corporate income tax, the individual income tax, and the death tax. As the Wall Street Journal explained yesterday,

"Mr. Buffett makes most of his income from his investments, particularly from dividends and capital gains that are taxed at a rate of 15%. What he doesn't say is that much of his income was already taxed once as corporate income, which is assessed at a 35% rate (less deductions). The 15% levy on capital gains and dividends to individuals is thus a double tax that takes the overall rate on that corporate income closer to 45%." ...

... The Journal started its editorial yesterday on Buffett's tax confusions by saying, "Barry Kilgore, the man who made the Wall Street Journal into a national publication, was once asked why so many rich people favored higher taxes. That's easy, he replied. They already have their money." But my own son, soon to graduate from college, who understands people and their motivations better than most, had a better insight. "Buffett just likes the attention," Peter Ferrara, Jr. explained.

Remember Chauncey Gardner from the movie Being There. The character played by Peter Sellers said many soothing yet meaningless things. The president did his best imitation last week. **Politico** has the story of a reporter who followed Obama's advice.

At Wednesday's town hall in Atkinson, Ill., a local farmer who said he grows corn and soybeans expressed his concerns to President Barack Obama about "more rules and regulations" — including those concerning dust, noise and water runoff — that he heard would negatively affect his business.

The president, on day three of his Midwest bus tour, replied: "If you hear something is happening, but it hasn't happened, don't always believe what you hear."

When the room broke into soft laughter, the president added, "No — and I'm serious about that."

Saying that "folks in Washington" like to get "all ginned up" about things that aren't necessarily happening ("Look what's comin' down the pipe!"), Obama's advice was simple: "Contact USDA."

"Talk to them directly. Find out what it is that you're concerned about," Obama told the man. ...

Craig Pirrong at Streetwise Professor catches the ignorant One yet again.
Whoops! He said it again.

Several weeks ago Obama blamed high unemployment on ATMs and the like. He was widely ridiculed for those remarks, and rightly so. But apparently he believes it, because he said virtually the same thing yesterday:

"One of the challenges in terms of rebuilding our economy is – businesses have gotten so efficient, that, uh, when was the last time somebody went to a bank teller? Instead of using an ATM. Or, used a travel agent instead of going online. A lot of jobs out there that used to require people now have become automated."

And the world is supposed to wait with bated breath for his jobs proposal? What will it be? To ban the internet?

This reminds me of the famous Milton Friedman story:

' There's a story about Milton Friedman in China that may be apocryphal but illustrates this point. In observing hundreds of Chinese workers clearing land for a new building using shovels, Friedman asked his hosts "Why are they using shovels? Why not use heavy equipment like an earth-mover?" The Chinese official said "If we did that, we'd lose all of those jobs!" Supposedly Friedman said "Oh, you're trying to create jobs! I thought you were trying to build a building. If you want to create jobs, why not take away their shovels and give them spoons?" '

So maybe the jobs program won't be based on shoveling money to shovel ready projects, but to spoon ready ones.

I have little patience with those who label Obama as a Marxist. However, his economic conceptions do seem to be little more than warmed over crypto-Marxist drivel; he looks at the nation's poor employment picture and sees a modern day version of Marx's description of the plight of the handweavers. This is not evidence of hardcore Marxism, just the kind of thing one picks up in the intellectually miasmatic swamps of progressivism that Obama has inhabited the last 30 odd years. Abject ignorance of real economics is the default condition in those swamps, as we find out whenever Obama chooses to bless us with an exegesis on the subject.

Jonah Goldberg posts a letter from a reader who farms tobacco and employs migrant workers.
... Recently, the USDA inspectors show up and pull our workers out of the fields for hours of questions (while we still are paying them). They inspect our houses. Several items just not up to code say these inspectors in an accusatory and snide tone. Threw a stack of regulations literally 8 inches high, small type, saying we are responsible to know and to account for each and every one.

Now we treat our workers very well, but we treat them like men, not children. The house was "messy." My goodness, we need to hire a maid! The screen door was not exactly square with the frame by an 1/8th of an inch. Well many folks around here live in older homes that have settled. The *list goes on, but no item was such that our workers thought there was a problem. The worst part is we were treated like criminals. We are awaiting our fine for our failing to memorize every federal regulation applicable to us.*

My dad is 67 and told the feds that he was out of farming due to this ridiculous bureaucracy and storm trooper treatment. Their arrogant reply, "well the law lets us inspect your land and homes one year after you have left farming, so you can't keep us off your land next year either." ...

Toby Harnden posts on the Vineyard vacation.
In some respects, you've got to give Barack Obama some credit. People would rightly criticise Bill Clinton for poll testing everything he did, including, famously, his 1995 vacation. But Obama? He wants to go to Martha's Vineyard with his family, he knows that it's a politically insane thing to do but he's damn well going there anyway.

If you were a Republican campaign operative drawing up Obama's programme, you'd be hard pressed to come up with something better than sending him to this exclusive island that is the playground for the east coast social, intellectual and financial elites.

Here in the United States, there isn't the resentment of money and success that is so prevalent in Britain. Nevertheless, a sojourn on Martha's Vineyard is the kind of thing that is available to very, very few Americans, a break that ordinary voters cannot imagine having.

Oh, there is perhaps one thing that GOP operative could add to the programme. Just before leaving for "the Vineyard" (as its habituees call it), how about a three-day presidential bus trip through the Mid-West in which Obama's message is that he will not rest for a minute in tackling America's jobs crisis? ...

Yet another bubble burst is sneaking up on us. **The Atlantic** has the story of student debt. It has passed credit card debt, and is approaching $1 trillion.
How do colleges manage it? Kenyon has erected a $70 million sports palace featuring a 20-lane olympic pool. Stanford's professors now get paid sabbaticals every fourth year, handing them $115,000 for not teaching. Vanderbilt pays its president $2.4 million. Alumni gifts and endowment earnings help with the costs. But a major source is tuition payments, which at private schools are breaking the $40,000 barrier, more than many families earn. Sadly, there's more to the story. Most students have to take out loans to remit what colleges demand. At colleges lacking rich endowments, budgeting is based on turning a generation of young people into debtors.

As this semester begins, college loans are nearing the $1 trillion mark, more than what all households owe on their credit cards. Fully two-thirds of our undergraduates have gone into debt, many from middle class families, who in the past paid for much of college from savings. The College Board likes to say that the average debt is "only" $27,650. What the Board doesn't say is that when personal circumstances go wrong, as can happen in a recession, interest, late payment penalties, and other charges can bring the tab up to $100,000. Those going on to graduate school, as upwards of half will, can end up facing twice that.

A fact of academic life is that the tuition-debt nexus keeps most colleges going. At Loyola University in Chicago, 77 percent enroll with loans, as do 85 percent in New Hampshire's Franklin Pierce. At historically black colleges, where endowments are low and students are often poor, it's usually 90 percent. Nor is soaring private tuition the only reason. At public Kentucky State University, with only $6,210 in charges, 76 percent sign up for loans; so do 85 percent at the University of North Dakota, *where state residents pay $6,934. What these figures suggest that borrowing is as much to finance living away from home as for bursars' bills. ...*

Washington Post

[Bad luck? Bad faith?](#)

by Charles Krauthammer

"We had reversed the recession, avoided a depression, got the economy moving again. . . . But over the last six months, we've had a run of bad luck."

— President Obama, Decorah, Iowa, Aug. 15

A troubled nation wonders: How did we get mired in 9.1 percent unemployment, 0.9 percent growth and an economic outlook so bad that the Federal Reserve pledges to keep interest rates at zero through mid-2013 — an admission that it sees little hope on the horizon?

Bad luck, explains our president. Out of nowhere came Japan and its supply-chain disruptions, Europe and its debt problems, the Arab Spring and those oil spikes. Kicked off, presumably, by various acts of God (should He not be held accountable too?): earthquake and tsunami. (Tomorrow: pestilence and famine. Maybe frogs.)

Well, yes, but what leader is not subject to external events? Were the minor disruptions of the current Arab Spring remotely as damaging as the Arab oil embargo of 1973-74? Were the supply disruptions of Japan 2011 anything like the Asian financial collapse of 1997-98? Events happen. Leaders are elected to lead (from the front, incidentally). That means dealing with events, not plaintively claiming to be their victim.

Moreover, luck is the residue of design, as Branch Rickey immortally observed. And Obama's design for the economy was a near-$1 trillion stimulus that left not a trace, the heavy hand of Obamacare and a flurry of regulatory zeal that seeks to stifle everything from domestic energy production to Boeing's manufacturing expansion into South Carolina.

He sowed, he reaps.

In Obama's recounting, however, luck is only half the story. His economic recovery was ruined not just by acts of God and (foreign) men, but by Americans who care nothing for their country. These people, who inhabit Congress (guess which party?), refuse to set aside "politics" for the good of the nation. They serve special interests and lobbyists, care only about the next election, place party ahead of country. Indeed, they "would rather see their opponents lose than see America win." The blaggards!

For weeks, these calumnies have been Obama staples. Calumnies, because they give not an iota of credit to the opposition for trying to promote the public good, as presumably Obama does, but from different premises and principles. Calumnies, because they deny the legitimacy to those on the other side of the great national debate about the size and scope and reach of government.

Charging one's opponents with bad faith is the ultimate political ad hominem. It obviates argument, fact, logic, history. Conservatives resist Obama's social-democratic, avowedly transformational agenda not just on principle but on empirical grounds, as well — the economic and moral unraveling of Europe's social-democratic experiment, on display today from Athens to the streets of London.

Obama's answer? He doesn't even engage. That's the point of these ugly accusations of bad faith. They are the equivalent of branding Republicans enemies of the people. Gov. Rick Perry has been rightly chided for throwing around the word "treasonous" in reference to the Fed. Obama gets a pass for doing the same, only slightly more artfully, regarding Republicans. After all, he is accusing them of wishing to see America fail for their own political gain. What is that if not a charge of betraying one's country?

The charge is not just ugly. It's laughable. All but five Republican members of the House — moderate, establishment, Tea Party, freshmen alike — voted for a budget containing radical Medicare reform knowing it could very well end many of their careers. Democrats launched gleefully into Mediscare attacks, hardly believing their luck that Republicans should have proposed something so politically risky in pursuit of fiscal solvency. Yet Obama accuses Republicans of acting for nothing but partisan advantage.

This from a man who has cagily refused to propose a single structural reform to entitlements in his three years in office. A man who ordered that the Afghan surge be unwound by September 2012, a date that makes no military sense (it occurs *during* the fighting season), a date *not* recommended by his commanders, a date whose sole purpose is to give Obama political relief on the eve of the 2012 election. And Obama dares accuse *others* of placing politics above country?

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Forbes

Warren Buffett's Public Disservice On Taxation

by Peter Ferrara

President Barack Obama awards the 2010 Medal of Freedom to investor Warren Buffett on Feb. 15, 2011.

Warren Buffet is performing a gross public disservice in creating urban myths about the nature of the tax system in America. Those myths will mislead millions of Americans about the fundamentals of their own country.

Buffett began his media offensive with an op-ed in the *New York Times* on Sunday, "Stop Coddling the Super Rich," where he complained that taxes need to be raised on "the rich" so they can pay their fair share. He reported that he paid 17.4% of his income in federal taxes, and claimed "If you make money with money, as some of my super-rich friends do, your percentage may be a bit lower than mine. But if you earn money from a job, your percentage will surely exceed mine — most likely by a lot." That is inaccurate.

Official IRS data shows that for 2007, before President Obama was even elected, the top 1% of income earners paid more in federal income taxes than the bottom 95% *combined*. That top 1% paid 40.4% of all federal income taxes, almost twice their share of income. When Ronald Reagan entered office, the top 1% paid 17.6% of all federal income taxes. That is why Jack Kemp always used to say if you want to soak the rich, cut tax rates.

President Obama's tax rate increases, already adopted in current law for 2013, apply to singles making over $200,000 a year, and couples making over $250,000. That is roughly the top 3% of income earners. The latest IRS data shows that the top 3% of income earners pay more in federal income taxes than the bottom 97% combined. Indeed, the bottom 50% of income earners today as a group pay no federal income taxes on net. So if the rich are not paying their fair share, what would their fair share be, Mr. Buffett?

The facts are similar in many of the highest taxed states in regard to their own state income taxes. In California, the top 1% pay 48% of all state income taxes. In New York, the top 1% pay 41% of all state income taxes. In New Jersey, until recently the top 1% paid 46% of state income taxes.

Moreover, America's corporate income tax rate is virtually the highest in the industrialized world at nearly 40% on average, counting state corporate rates. Even Communist China has a 25% corporate rate, with the average in the mostly socialist European Union below that. In formerly socialist Canada, the corporate rate today is 16.5%, scheduled to fall under current law to 15% next year. Does this sound like the rich are not paying their fair share, Mr. Buffett?

Yes, many corporations exploit loopholes that greatly reduce their tax burden, which greatly reduces the *average* corporate tax rate. But those special interest loopholes hurt rather than promote economic growth and prosperity. It is the top marginal tax rate on the next investment that most affects the economy. With Obama corporate cronies like General Electric exploiting those loopholes to avoid paying *any* income taxes, eliminating those loopholes is a top free market reform. But doing this in return for lowering the rates is what tax reform is all about, which would probably *increase* the *average* corporate tax rate.

That can be done reducing the top federal corporate rate to somewhere between 15%, as proposed in my book *America's Ticking Bankruptcy Bomb*, and 25% as House Budget Committee Chairman Paul Ryan proposes in his budget that passed the GOP House. The individual income tax can similarly be reformed, which would probably increase Buffett's average tax rate, while lowering the top rate, perhaps as Ryan proposes to 25% for those making over $100,000 a year, with a 15% rate for those making less than $100,000.

Yet in 2013, under current law, the tax increases of Obamacare go into effect, and the Bush tax cuts expire, increasing the top tax rates for every major federal tax, except the already too high corporate tax. Even if the Bush tax cuts expire only for those disfavored taxpayers Obama thinks are making too much, the top two income tax rates would go up by nearly 20%, the capital gains tax rate would go up nearly 60%, the tax on corporate dividends would nearly triple, and the Medicare payroll tax would go up 62% for the nation's small businesses, job creators and investors.

The above are the central reasons – along with rocketing regulatory costs and a weak dollar – why there is a capital strike in America and even capital flight that is killing the prosperity of working people. Raising tax rates means producers keep less of what they produce, so incentives are reduced for all productive activities – savings, investment, starting businesses, expanding businesses, job creation and work. Working people lose the most, because the result is fewer jobs and lower wages than otherwise, which are essential to their basic prosperity.

Lowering tax rates means producers keep more of what they produce, so incentives are increased for all productive activities — savings, investment, starting businesses, expanding businesses, job creation and work. Such incentive effects were proven extremely powerful in the 1920s, 1960s, 1980s, and even 2000s. Each time, the economy boomed, jobs exploded, family incomes grew rapidly, and revenues actually increased. After the much vilified Bush rate cuts were all fully implemented in 2003, the economy created 7.8 million new jobs and the unemployment rate fell from over 6% to 4.4%.

And the proof of this analysis continues today. The above are the reasons why, even though since the Great Depression recessions in America have previously lasted 10 months, with the longest previously lasting 16 months, that we, *44 months* after this last recession started, are still burdened by an unemployment rate above 9%. This is the longest period with unemployment this high since the Great Depression, with no real recovery in sight.

For millions of Americans, it is already a Depression — overall black unemployment over 15% for 2 years, double digit Hispanic unemployment near 12% for two years, teenage unemployment near 25%, black teenage unemployment near 40%. A total of 25 million Americans are unemployed or underemployed, making a real rate of the unemployed and underemployed of 16%. Real wages are falling, and the number of Americans in poverty is at an all time record.

Congratulations, President Obama, Warren Buffet, and all of those unthinking, simple-minded, religiously devoted leftists who support them. If the comprehensive tax rate increases now scheduled for 2013 are not reversed, the result will be a double dip recession that will make the entire period look precisely like a depression scenario.

A central factor that Buffett doesn't understand is the multiple taxation of capital. He complains about the 15% capital gains tax rate as unfair, since his secretaries pay higher income tax rates. But the capital gains tax is only one layer of taxation on capital income. Capital income is also subject to the corporate income tax, the individual income tax, and the death tax. As the *Wall Street Journal* explained yesterday,

"Mr. Buffett makes most of his income from his investments, particularly from dividends and capital gains that are taxed at a rate of 15%. What he doesn't say is that much of his income was already taxed once as corporate income, which is assessed at a 35% rate (less deductions). The 15% levy on capital gains and dividends to individuals is thus a double tax that takes the overall rate on that corporate income closer to 45%."

The *Journal* explains the economic effect,

"This onerous tax on capital is a U.S. competitive disadvantage in the global economy, which is why Congress agreed in 2003 to cut the rates on dividends and capital gains. Even as the rest of the world is cutting tax rates on corporate income, Mr. Buffett wants to raise U.S. rates in a way that would make America less attractive for investment. Under a sensible tax reform, the feds would impose either a corporate tax or a dividend and capital gains tax, but not both."

This means that even the 15% capital gains and dividends tax rates on top of the corporate tax rate are unfair, economically counterproductive, multiple taxation. The current tax code enshrines the morality of pirates, or of Jesse James, who explained that he robbed banks because "that's where the money is." But, again, the karma of that morality hurts working people and their families the most.

This is why over the last 45 years every time the capital gains tax rate has been raised, capital gains revenues have declined, and every time the capital gains tax rate has been cut, capital gains revenues have risen. What sense would it make to raise capital gains rates and lose revenues, Mr. Buffett? That would be all loss and no gain, genius.

Another factor that Buffett doesn't understand is the maximum taxable income limit for the Social Security payroll tax. Social Security benefits are calculated based on your income history. Only the income on which you pay taxes is counted. So the limit is not an unfair loophole. You don't pay taxes on income above the limit, but you don't get benefits for that income either. That is because Social Security is a contributory program that only replaces a floor of wage income in retirement. Once your retirement income is above that floor, there is no good reason to force taxpayers to pay more for higher benefits, especially because Social Security pays such poor, below market returns on tax payments into the program, actually negative real returns for higher income workers.

In my book I propose allowing workers the freedom to choose to save and invest some and eventually all of their payroll taxes in their own personal savings, investment and insurance accounts. That would transform the highest tax most working people pay into a personal family wealth engine that over a lifetime of savings and investment would accumulate to close to a million dollars in real terms for two-earner average income families. This is what those concerned about tax fairness should be supporting.

The *Journal* started its editorial yesterday on Buffett's tax confusions by saying, "Barry Kilgore, the man who made the *Wall Street Journal* into a national publication, was once asked why so many rich people favored higher taxes. That's easy, he replied. They already have their money." But my own son, soon to graduate from college, who understands people and their motivations better than most, had a better insight. "Buffett just likes the attention," Peter Ferrara, Jr. explained.

Peter Ferrara is Director of Entitlement and Budget Policy for the Heartland Institute, General Counsel for the American Civil Rights Union, and Senior Fellow for the Carleson Center for Public Policy. He served in the White House Office of Policy Development under President Reagan, and as Associate Deputy Attorney General of the United States under the first President Bush.

Politico

Call Uncle Sam

Obama's unhelpful advice

by MJ Lee

At Wednesday's town hall in Atkinson, Ill., a local farmer who said he grows corn and soybeans expressed his concerns to President Barack Obama about "more rules and regulations" — including those concerning dust, noise and water runoff — that he heard would negatively affect his business.

The president, on day three of his Midwest bus tour, replied: "If you hear something is happening, but it hasn't happened, don't always believe what you hear."

When the room broke into soft laughter, the president added, "No — and I'm serious about that."

Saying that “folks in Washington” like to get “all ginned up” about things that aren’t necessarily happening (“Look what’s comin’ down the pipe!”), Obama’s advice was simple: “Contact USDA.”

“Talk to them directly. Find out what it is that you’re concerned about,” Obama told the man. “My suspicion is, a lot of times, they’re going to be able to answer your questions and it will turn out that some of your fears are unfounded.”

Call Uncle Sam. Sensible advice, but perhaps the president has forgotten just how difficult it can be for ordinary citizens to get answers from the government.

When this POLITICO reporter decided to take the president's advice and call the USDA for an answer to the Atkinson town hall attendee's question, I found myself in a bureaucratic equivalent of hot potato — getting bounced from the feds to Illinois state agriculture officials to the state farm bureau.

Here's a rundown of what happened when I started by calling the USDA's general hotline to inquire about information related to the effects of noise and dust pollution rules on Illinois farmers:

Wednesday, **2:40 p.m. ET**: After calling the USDA’s main line, I am told to call the Illinois Department of Agriculture. Here, I am patched through to a man who is identified as being in charge of "support services." I leave a message.

3:53 p.m.: The man calls me back and recommends in a voicemail message that I call the Illinois Farm Bureau — a non-governmental organization.

4:02 p.m.: A woman at the Illinois Farm Bureau connects me to someone in the organization’s government affairs department. That person tells me they "don't quite know who to refer you to."

4:06 p.m.: I call the Illinois Department of Agriculture again, letting the person I spoke with earlier know that calling the Illinois Farm Bureau had not been fruitful. He says "those are the kinds of groups that are kind of on top of this or kind of follow things like this. We deal with pesticide here in our bureau."

"You only deal with pesticides?" I ask.

"We deal with other things … but we mainly deal with pesticides here," he says, and gives me the phone number for the office of the department’s director, where he says there are "policy people" as well as the director's staff.

4:10 p.m.: Someone at the director's office transfers me to the agriculture products inspection department, where a woman says their branch deals with things like animal feed, seed and fertilizer.

"I'm going to transfer you to one of the guys at environmental programs."

4:15 p.m.: I reach the answering machine at the environmental programs department, and leave a message.

4:57 p.m.: A man from the environmental programs department gets back to me: "I hate to be the regular state worker that's always accused of passing the buck, but noise and dust regulation would be under our environmental protection agency, rather than the Agriculture Department," he says, adding that he has forwarded my name and number to the agriculture adviser at IEPA.

On Thursday morning, POLITICO started the hunt for an answer again, this time calling the USDA's local office in Henry County, Ill., where the town hall took place.

9:42 a.m.: Asked if someone at the office might be able to provide me with the information I requested, the woman on the phone responds, “Not right now. We may have to actually look that up — did you Google this or anything?”

When I say that I’m a reporter and would like to discuss my experience with someone who handles media relations there, I am referred to the USDA’s state office in Champaign. I leave a message there.

10:40 a.m.: A spokeswoman for the Illinois Natural Resources Conservation Service calls me, to whom I explain my multiple attempts on Wednesday and Thursday to retrieve the information I was looking for.

“What I can tell you is our particular agency does not deal with regulations,” she tells me. “We deal with volunteers who voluntarily want to do things. I think the reason you got that response from the Cambridge office is because in regard to noise and dust regulation, we don’t have anything to do with that.”

She adds that the EPA would be more capable of answering questions regarding regulations.

Finally, I call the USDA’s main media relations department, based here in Washington, where I explain to a spokesperson about my failed attempts to obtain an answer to the Illinois farmer’s question. This was their response, via email:

“Secretary Vilsack continues to work closely with members of the Cabinet to help them engage with the agricultural community to ensure that we are separating fact from fiction on regulations because the administration is committed to providing greater certainty for farmers and ranchers. Because the question that was posed did not fall within USDA jurisdiction, it does not provide a fair representation of USDA’s robust efforts to get the right information to our producers throughout the country.”

So, still no answer to the farmer’s question

Streetwise Professor
Doubling Down on Stupid
by Craig Pirrong

Whoops! He said it again.

Several weeks ago Obama blamed high unemployment on ATMs and the like. He was widely ridiculed for those remarks, and rightly so. But apparently he believes it, because he said virtually the same thing yesterday:

"One of the challenges in terms of rebuilding our economy is – businesses have gotten so efficient, that, uh, when was the last time somebody went to a bank teller? Instead of using an ATM. Or, used a travel agent instead of going online. A lot of jobs out that that used to require people now have become automated."

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The Corner

"Freedom Dies With Each Paper Cut"

by Jonah Goldberg

Interesting e-mail in response to my earlier post about Obama telling farmers to call the government, from a reader:

My family has grown tobacco in our area for five generations. It is truly one of those jobs that "Americans won't do," but a few still did when I was a kid (and I'm only 47!). To get workers, we go through an official gov't program to have Mexicans brought to the US. For this honor, we pay them substantially more than minimum wage and are forced to hire any American citizen at any time who shows up and asks for work. For our immigrant workers we are required to provide a free house and transportation and a myriad of other gov't required items that we dutifully obtain at the start of each season. The documentation is legion, keeping my mother employed full time. The regs have common sense matters but go way beyond. For example, a porto potty in the fields every few acres. LOL, not the case when I worked the farm. We had this thing called "the woods." Acres of them everywhere.

Recently, the USDA inspectors show up and pull our workers out of the fields for hours of questions (while we still are paying them). They inspect our houses. Several items just not up to code say these inspectors in an accusatory and snide tone. Threw a stack of regulations literally 8 inches high, small type, saying we are responsible to know and to account for each and every one.

Now we treat our workers very well, but we treat them like men, not children. The house was "messy." My goodness, we need to hire a maid! The screen door was not exactly square with the frame by an 1/8th of an inch. Well many folks around here live in older homes that have settled. The list goes on, but no item was such that our workers thought there was a problem. The worst part is we were treated like criminals. We are awaiting our fine for our failing to memorize every federal regulation applicable to us.

My dad is 67 and told the feds that he was out of farming due to this ridiculous bureaucracy and storm trooper treatment. Their arrogant reply, “well the law lets us inspect your land and homes one year after you have left farming, so you can’t keep us off your land next year either.”

Lose a tobacco farm with Mexican labor, big deal right? We have many hundreds of thousands of dollars in tractors, equipment, and vehicles locally. We buy hundreds of thousands of dollars of seed, fertilizer, and pesticides locally. We have accountants and lawyers (sadly) and bull dozer operators and IT help and use carpenters and pest control and the roto rooter man. And we do have American citizens on the payroll.

The farmer that quizzed the President is absolutely correct. The federal government is now the enemy of farming. No one is going to want to do it when this generation retires, and it’s happening fast. Of five siblings, only one tries to farm and he is subject to the same treatment.

I’m not a pessimist, but I fear it is too late to save us. The regulatory monster has won. And even as we sleep, it grows in size, scope, and arrogance. Freedom dies with each paper cut.

Telegraph Blogs, UK

Barack Obama to America: Sod it, I'm off to Martha's Vineyard

By Toby Harnden

Martha's Vineyard: exclusive enclave of the east coast elites

In some respects, you’ve got to give Barack Obama some credit. People would rightly criticise Bill Clinton for poll testing everything he did, including, famously, his 1995 vacation. But Obama? He wants to go to Martha’s Vineyard with his family, he knows that it’s a politically insane thing to do but he’s damn well going there anyway.

If you were a Republican campaign operative drawing up Obama’s programme, you’d be hard pressed to come up with something better than sending him to this exclusive island that is the playground for the east coast social, intellectual and financial elites.

Here in the United States, there isn’t the resentment of money and success that is so prevalent in Britain. Nevertheless, a sojourn on Martha’s Vineyard is the kind of thing that is available to very, very few Americans, a break that ordinary voters cannot imagine having.

Oh, there is perhaps one thing that GOP operative could add to the programme. Just before leaving for “the Vineyard” (as its habituees call it), how about a three-day presidential bus trip through the Mid-West in which Obama’s message is that he will not rest for a minute in tackling America’s jobs crisis?

Martha’s Vineyard is the place where the corporate jet owners that Obama slammed on the campaign trail (Oops! I mean during his trip to meet ordinary Americans so he can do his job properly) hang out. It’s a destination that smacks of being at best out of touch with the electorate, at worst sheer hypocrisy. Tony Blair and David Cameron have shown a similar tin ear by choosing to holiday in Tuscany. But Martha’s Vineyard is Tuscany on steroids.

Of course, it’s true that president’s are never really not working. The White House to some extent follows him and he’ll have all sorts of decisions to make. And no one with any sense begrudges presidents taking a break occasionally. Bush got slammed by the Left for playing too much golf. Obama plays even more golf and gets slammed by the Right for it. It’s a tiresome partisan tit for tat that most people tune out.

I’m not suggesting either that Obama should do a Clinton and choose to forego the Vineyard (Bill’s favourite holiday destination too, just as he also sent his offspring to the exclusive Sidwell Friends school) in favour of a poll-tested trip to Jackson Hole, Wyoming or, even more nakedly political, a swing state like, say, North Carolina.

But taking a vaction somewhere else could allow Obama to step outside his bubble, show a bit of empathy and boost the local economy in a place that really needs it. And, certainly, communicate a bit of the old-fashioned political “message: I care”.

A year ago, I questioned whether Obama, a supremely self-assured and self-contained politician who will be a global superstar whether he’s in the White House or not, really wanted to be re-elected. I’m still not sure whether in his heart of hearts Obama is prepared to do what it takes to win a second term.

His choice of Martha’s Vineyard and his stubborn determination to stick by that destination at this time even when people like David Gergen (the ultimate personification of centrist conventional wisdom in Washington) is calling on him to postpone indicates he doesn’t care that much what people think or what the political cost is.

The message to Americans is: Sod it, I’m going to Martha’s Vineyard because that’s what I want to do. If he does fail to win re-election then I imagine he’ll be tempted to say: Sod you, I was better than you anyway.

Atlantic Monthly

The Debt Crisis at American Colleges

Borrowing looms large in American life from homes to cars. But the explosion of student debt in the last decade is a pernicious trend that the colleges themselves are encouraging.

By Andrew Hacker and Claudia Dreifus

How do colleges manage it? Kenyon has erected a $70 million sports palace featuring a 20-lane olympic pool. Stanford's professors now get paid sabbaticals every fourth year, handing them $115,000 for not teaching. Vanderbilt pays its president $2.4 million. Alumni gifts and endowment earnings help with the costs. But a major source is tuition payments, which at private schools are breaking the $40,000 barrier, more than many families earn. Sadly, there's more to the story. Most students have to take out loans to remit what colleges demand. At colleges lacking rich endowments, budgeting is based on turning a generation of young people into debtors.

As this semester begins, college loans are nearing the $1 trillion mark, more than what all households owe on their credit cards. Fully two-thirds of our undergraduates have gone into debt, many from middle class families, who in the past paid for much of college from savings. The College Board likes to say that the average debt is "only" $27,650. What the Board doesn't say is that when personal circumstances go wrong, as can happen in a recession, interest, late payment penalties, and other charges can bring the tab up to $100,000. Those going on to graduate school, as upwards of half will, can end up facing twice that.

A fact of academic life is that the tuition-debt nexus keeps most colleges going. At Loyola University in Chicago, 77 percent enroll with loans, as do 85 percent in New Hampshire's Franklin Pierce. At historically black colleges, where endowments are low and students are often poor, it's usually 90 percent. Nor is soaring private tuition the only reason. At public Kentucky State University, with only $6,210 in charges, 76 percent sign up for loans; so do 85 percent at the University of North Dakota, where state residents pay $6,934. What these figures suggest that borrowing is as much to finance living away from home as for bursars' bills. Books, travel, and socializing quickly add up. Room and board charges have doubled in actual dollars since 1982 to enhance campus life. Bowdoin's menu features vegetable polenta and butternut soup, while Penn State provides legal downloads of music numbering two million songs a week. But let's be clear. It's not the colleges which are paying for these and similar amenities. It's the students, mainly by borrowing, which the colleges actively encourage.

Why has tuition climbed to $41,304 at Carleton, $42,384 at Wesleyan, and $43,190 at Vassar, three times over inflation since 1982? The short answer is that colleges have embraced a host of extraneous activities - from obscure sports to overseas centers - and tacked most or all of their tabs onto students' bills. Unlike businesses, which cut losing operations, colleges simply hike their tuitions. In our view, good higher education could be had at much lower costs. It belongs on the nation's agenda, up there with preserving Social Security and Medicare.

WHO REALLY PAYS FOR THE RISING COST OF COLLEGE?

Of course, borrowing looms large in American life: homes, cars, boats, even buying stocks on margin. But student loans are taken out by eighteen-year-old freshmen, not exactly the most experienced clientele, nor can this be assumed of all parents. Indeed, the lending industry's lobbyists ensured that teenagers can sign up on their own, even before they're able to order wine with dinner. And unlike cars and boats, college repayments can dunned for several decades.

Nor is it just about money. There are moral dimensions as well. Recent actions by Dartmouth and Williams, two wealthy schools, convey a lot about academic priorities. In the past, both schools announced that anyone they accepted would be able to enroll without having to take out loans. That is, the colleges would ensure all the aid that was needed to make attendance possible. This was heralded as the kind of *noblesse oblige* we hope for from well-off institutions. That was before 2008. But when Dartmouth and Williams' endowments tanked, hard decisions had to be made. Among the first was telling their needy students they would henceforward have to borrow, just like those at Loyola and Franklin Pierce. What struck us was who was chosen for sacrifice. At no point did their senior professors, whose total packages average $189,600, volunteer to take even a five percent cut. That could have preserved many if not most of the scholarships.

One reason why more students are borrowing is that few parents pay all or even most of college costs, a trend underway well before the recession. Last year, a typical family with college-age children spent $3,102 on dining out, but only $2,055 on education. Only half of entering freshmen say their parents had put anything aside; and of those who did, half had banked less than $20,000.

Some may have been listening to Suze Orman, who for a long time was telling them "no parent should have to be responsible for financing his or her child's education." Her logic was that with student loan rates so low, it's wiser to put your spare money elsewhere. What's disturbing is that few parents kick in when students start having to repay. Not to mention that starting jobs don't offer much leeway dealing with loans.

IS IT A BUBBLE?

If you want to get a name as an economic seer, try this one. The next subprime crisis will come from defaults on student debts, starting with for-profit colleges and rising to the Ivy League. The parallels with housing are striking. In both, the written warnings aren't understood, especially on penalties and interest rates. And in both, it's assumed that what's being bought will rise in value, in one case the real estate, in the other the salaries which will accrue with a degree. One bubble has burst; the second is already losing air.

Still, there's a difference. With mortgage defaults, banks seize and resell the home. But if a degree can't be sold, that doesn't deter the banks. They essentially wrote the student loan law, in which the fine-print says they aren't "dischargable." So even if you file for bankruptcy, the payments continue due. Hence these stern word from Barmak Nassirian of the American Association of College Registrars and Admissions Officers. "You will be hounded for life," he warns. "They will garnish your wages. They will intercept your tax refunds. You become ineligible for federal employment." He adds that any professional license can be revoked and Social Security checks docked when you retire. We can't think of any other statute with such sadistic provisions.

In fact, it's possible to get a fine bachelor's degree at a reasonable cost and without going into debt. But students and their parents will have to stop thinking that name-brand prestige assures academic quality. The reverse is often true: professors who are rewarded for research are less likely to spend time with undergraduates. One offshoot of the PhD glut is that excellent teachers have taken positions at two-year colleges and regional branches of public systems. Raritan Valley Community College in New Jersey, Western Oregon State University, and University of Maryland's Baltimore County campus are a few we've visited and were impressed with what we saw.

WHAT YOU SHOULD DO

So here's a low-cost plan, even if it won't win envy points at the country club. Let's suppose you live in Pueblo, Colorado. Your child's first two years can be at the local community college, where the annual tab is $3,399. The classes tend to be small, unlike the mega-lectures at the flagship schools; the faculty gives full attention to teaching, since they're not pressured to churn out research. Moreover, every community college has a liberal arts division. You can study philosophy and history, as well as air conditioning repair. For your last two years, Pueblo will facilitate a transfer to Colorado State University in Fort Collins, where tuition is $6,985, with room and board at $8,744. Entering as a junior, you'll find it easier to find and enroll with interesting professors. Total four-year cost: $38,256. We'd hope this is a sum parents could put in a college fund. And if you apply yourself at Fort Collins, its faculty will give you strong recommendations. Harvard law school, Stanford medical school, and Chicago business school make a point of looking for promising candidates from places like Colorado State. In fact, they may take you over graduates of Tulane (who laid out $206,821) or Georgetown

($214,364).

For four years away, look at public liberal arts colleges, where you can get an Amherst-quality education at the fraction the cost. A sampling of in-state tuitions: Glenville College in West Virginia ($5,384), Florida's New College ($5,364), Evergreen in Washington State ($6,679). We've observed classes at many of them, and the only difference between their professors and Amherst's is the graduate schools they attended. Flagship universities are also creating their own "honors colleges," often with special housing, seminars, and faculty advisers. We visited Barrett College at Arizona State University ($8,132) and Barksdale College at the University of Mississippi ($5,438) and rank them among schools with national names. The McCauley Honors College of the City University of New York gives free tuition and a stipend for foreign travel to everyone who maintains a 3.5 grade average.

Needless to say, there's a huge industry out there, trying to beguile parents into clouding their offspring's future. Banks advise that borrowing is an excellent investment, since college graduates average lifetime earning $1 million more than their high school counterparts. (It's a projection based on a lot of rosy assumptions.) But the hard fact is that students are slated to repay all their loans soon after graduation, not exactly a high-income period. Not to mention veering away from jobs they may really want - like inner- city teaching or family practice medicine -- for others better suited to meet repayment schedules.

There are other siren songs out there. A school's financial aid adviser isn't always a freshman's best friend. While seldom openly stated, their job is to supply the college with as many paying freshmen as possible. Budgets even at schools like Brown and Duke will only balance if over half of their students foot the full bill. Few colleges offer actual cash assistance - at best, like car dealers, they dangle discounts - so they steer less affluent students to loans. So-called aid officers do this for one reason: the money you borrow goes into the college's coffers. Paying it later will be your problem.

"HONEY, I ACCIDENTALLY SPENT OUR ENTIRE ANNUAL INCOME ON OUR CREDIT CARDS BUT I HAVE A SOLUTION. LET'S BUY A LUXURY BUS FROM CANADA AND DRIVE TO OUR NEIGHBORS' HOUSES AND TELL THEM WE'RE VACATIONING IN MARTHA'S VINEYARD." www.investors.com/cartoons

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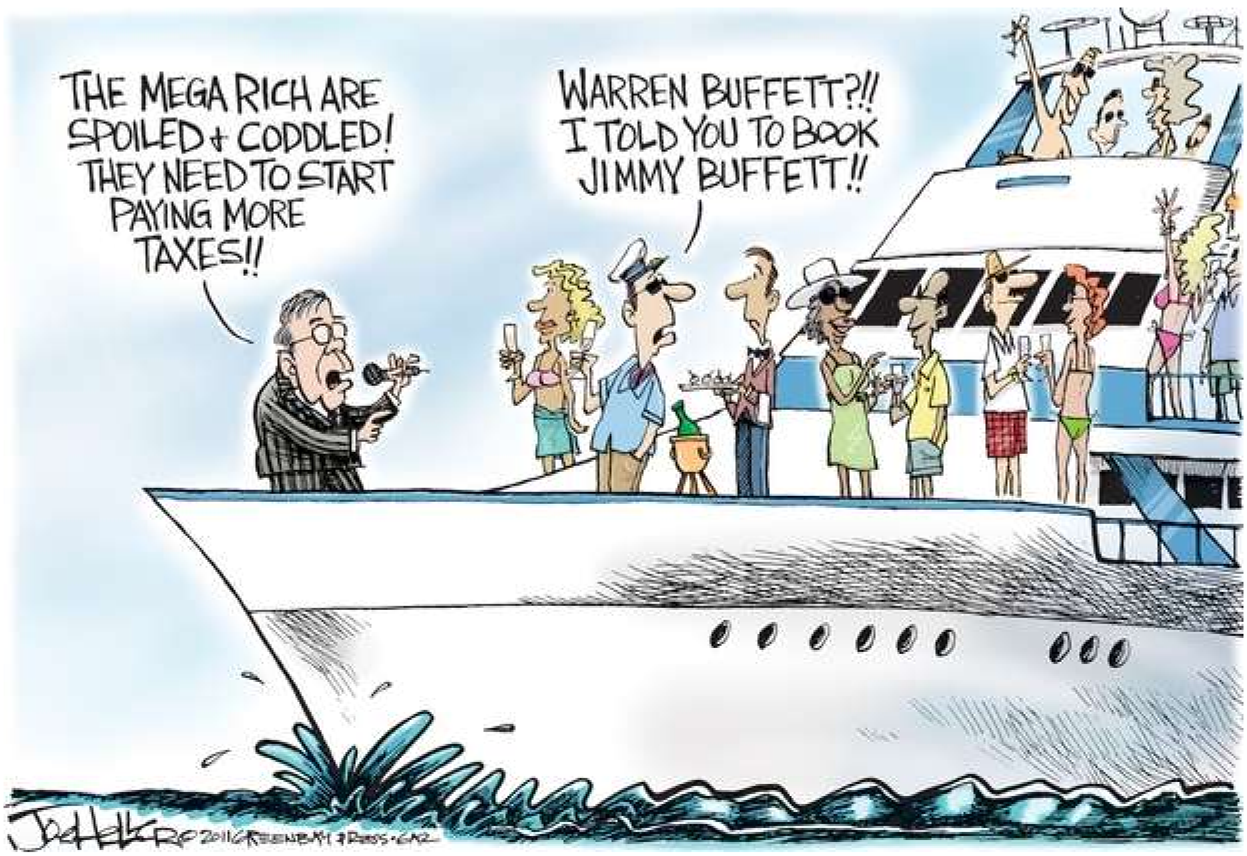
THE MEGA RICH ARE SPOILED + CODDLED! THEY NEED TO START PAYING MORE TAXES!!
WARREN BUFFETT?!! I TOLD YOU TO BOOK JIMMY BUFFETT!!