

April 3, 2012

[John Fund](#) profiles Saul Alinsky and shows Obama's ties to him.

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In her new book on Obama, New York Times reporter Jodi Kantor lifted a bit of the curtain on his past. She told the Texas Book Festival: "The Obamas often don't mingle freely — they often just stand behind the rope and reach out to shake hands — but he sees Jerry Kellman, his old community-organizing boss, and he is so happy to see him he reaches across and pulls him in. And Obama says, 'I'm still organizing.' It was a stunning moment and when [Kellman] told me the story, it had echoes of what Valerie Jarrett had told me once: 'The senator still thinks of himself as a community organizer.' . . . I think that plays into what will happen in the 2012 race."

You can expect that the Obama 2012 campaign and allied groups will be filled with people deeply steeped in Rules for Radicals. That is good reason for conservatives to spend time studying Saul Alinsky. It also explains why liberals are so anxious to sugarcoat Alinsky and soft-pedal his influence on Team Obama.

[NY Sun editors](#) answer the president's attack on the Court.

It's been a long time since we've heard a presidential demarche as outrageous as President Obama's warning to the Supreme Court not to overturn Obamacare. The president made the remarks at a press conference with the leaders of Mexico and Canada. It was an attack on the court's standing and even its integrity in a backhanded way that is typically Obamanian. For starters the president expressed confidence that the Court would "not take what would be an unprecedented, extraordinary step of overturning a law that was passed by a strong majority of a democratically elected Congress."

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calling a potential rejection by the court an overreach of its own.” Quoth the president: “And I’d just remind conservative commentators that, for years, what we have heard is, the biggest problem on the bench was judicial activism, or a lack of judicial restraint, that an unelected group of people would somehow overturn a duly constituted and passed law.”

It is outrageous enough that the president’s protest was inaccurate. What in the world is he talking about when he asserts the law was passed by “a strong majority of a democratically elected Congress”? The Patient Protection and Affordable Health Care Act barely squeaked through the Congress. In the Senate it escaped a filibuster by but a hair. The vote was so tight in the house — 219 to 212 — that the leadership went through byzantine maneuvers to get the measure to the president’s desk. No Republicans voted for it when it came up in the House, and the drive to repeal the measure began the day after Mr. Obama signed the measure.

It is the aspersions the President cast on the Supreme Court, though, that take the cake. We speak of the libel about the court being an “unelected group of people” who might “somehow overturn a duly constituted and passed law.” This libel was dealt with more than two centuries ago in the newspaper column known as 78 Federalist and written by Alexander Hamilton. ...

In American.com, [Edward Pinto](#) performs admirable detective work in showing how the sub-prime crisis was a federal government enterprise. He quotes Obama economic advisor Austan Goolsbee who had this to say in a 2007 NY Times OpEd. ... *[t]he three decades from 1970 to 2000 witnessed an incredible flowering of new types of home loans. These innovations mainly served to give people power to make their own decisions about housing, and they ended up being quite sensible with their newfound access to capital.*

Also, the historical evidence suggests that cracking down on new mortgages may hit exactly the wrong people. As Professor Rosen explains, “The main thing that innovations in the mortgage market have done over the past 30 years is to let in the excluded: the young, the discriminated against, the people without a lot of money in the bank to use for a down payment.” It has allowed them access to mortgages whereas lenders would have once just turned them away.

The Center for Responsible Lending estimated that in 2005, a majority of home loans to African-Americans and 40 percent of home loans to Hispanics were subprime loans. The existence and spread of subprime lending helps explain the drastic growth of homeownership for these same groups. Since 1995, for example, the number of African-American households has risen by about 20 percent, but the number of African-American homeowners has risen almost twice that rate, by about 35 percent. For Hispanics, the number of households is up about 45 percent and the number of homeownership households is up by almost 70 percent.

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Matthew Contineti's post at the Free Beacon allows us to relive our wonderful time last week.

... As it happened, the hot microphone mess was the least of the president's troubles. The gaffe was still in the news when oral arguments over the Patient Protection and Affordable Care Act began at the Supreme Court. The first day of proceedings concerned whether the Court could rule on the law at all since the individual mandate will not be enforced until 2014. But even those arguments went poorly for the administration and its hapless solicitor general, Donald Verrilli Jr., who was unable to explain how the mandate could be a "penalty" one day and a "tax" the next day.

Yet the liberal panic did not truly begin until Mar. 27, when the Court heard arguments over the mandate's constitutionality and even the president's most hardened supporters had to acknowledge his signature policy was in trouble. No sooner had the proceedings concluded than a hysterical Jeffrey Toobin fled the courtroom, screaming that Obamacare was in "grave, grave" condition. The flimsiness of the administration's arguments had transformed Toobin into a Henny Penny in drag, running around Capitol Hill and warning his fellow liberals that the Court could overrule Obamacare in "one big package" and that at the very least the mandate is "doomed."

The administration and its friends in the media found themselves in a truly helpless position. If Toobin is proven right and the Court overrules Obamacare in part or in whole, Republicans will pounce, the president will look like a loser, and Democrats will be both demoralized and radicalized (not a winning combination). If Toobin is proven wrong, however, he will look like an idiot, Republicans and Tea Party activists will mobilize for the fall, and Democrats still will have to defend an unpopular law whose consequences grow worse with each passing minute.

The liberal reaction to this dilemma has been a predictable combination of spin and scapegoating. The noted legal mind Chuck Todd, who seems to have missed the class on Marbury v. Madison, asked guests on his show whether a Court decision against the health care overhaul might not be an unprecedented intrusion of one branch of government over the elected branches. Meanwhile, James Carville and Harry Reid lamely suggested an anti-Obamacare ruling would be good for the president and his party. The White House was reduced to using Newspeak, referring to the mandate as the "personal responsibility clause." ...

Andrew Malcolm with late night humor.

Conan: *Charlie Sheen says he cringes watching his crazy rants from last year. Sheen says he's moved on and is now focused on his new career as a JetBlue pilot.*

Conan: *Rumors of a secret meeting between Mitt Romney and Newt Gingrich. Apparently, Romney asked if Gingrich would consider being his running mate and Gingrich asked Romney, "Are you going to finish those fries?"*

Leno: *After this week's arguments it looks like Obama now expects the Supreme Court to throw out his healthcare plan. Today he started calling it Bidencare.*

National Review

[Still the Alinsky Playbook](#)

by John Fund

Forty years after his death, Saul Alinsky — the father of the community-organizing model that inspired both Barack Obama and Hillary Clinton — is more politically relevant than ever.

Leading conservatives attempt to tie the Obama administration to Alinsky's radicalism, with Newt Gingrich declaring that Obama draws his "understanding of America" from "Saul Alinsky, radical left-wingers, and people who don't like the classical America." For their part, liberals have scrambled to minimize Obama's affinity for Alinsky and to sand over Alinsky's sharp edges. A blogger at Britain's *Guardian* newspaper claims that Alinsky was merely "what passes for a left-wing radical in American politics, agitating for better living conditions for the poor." (Liberals have also largely ignored the fact that the subtitle of Hillary Clinton's honors thesis at Wellesley was "An Analysis of the Alinsky Model.")

Somewhere between Gingrich's exaggerations and the Left's whitewash of Alinsky is an explanation of why so many followers of Barack Obama — along with the president himself — draw inspiration from a long-dead radical.



Born in 1909, Alinsky was a left-wing activist with a streak of ruthless political realism. After studying [criminology](#) at the University of Chicago, he went into union organizing, and found it too tame. His "approach to social justice," in the words of the *Washington Post*, would come to rely instead on "generating conflict to mobilize the dispossessed." His first big conflict came in 1939, when he helped lead workers in cleaning up the Back of the Yards, the festering slum

area of the Chicago meatpacking district. That led to a major grant from department-store heir Marshall Field III, whose generosity enabled Alinsky to found the Industrial Areas Foundation, the nonprofit at which he invented “community organizing.”

This new approach was distinctive. He deployed pickets to the homes of slumlords and used megaphones to hurl insults at them; he dumped trash on the front step of a local alderman to demand better garbage collection; he flooded stockholder meetings with raucous protesters, a tactic Occupy Wall Street is emulating; and he tied up [bank](#) lines with people who exchanged loads of pennies for \$100 bills and vice versa.

He boasted that knowledge of his tactics often led to preemptive surrender by local officials or businesses. He was able to abandon plans to flood a department store with protesters who would order merchandise to be delivered that they had no intention of paying for; he also never had protesters occupy every bathroom stall for hours at Chicago’s O’Hare [Airport](#). In both cases, the mere threat of such action won important concessions from his targets.

Alinsky himself disdained the chaotic tactics of 1960s student radicals. He eschewed violence in favor of planting radical seeds. While students were rioting at the 1968 Democratic convention, former left-wing radical David Horowitz recalls, “Alinsky’s organizers were insinuating themselves into [Lyndon] Johnson’s War on Poverty program and directing federal funds into their own organizations and causes.”

His most enduring influence may have been to inspire the National Education Association to become a political powerhouse. Sam Lambert, the executive secretary of the NEA in 1967, when it hired Alinsky as a political trainer, boasted that it would “become a political power second to no other special interest.” The NEA delivered on that promise. Between 1963 and 1993, the number of teachers belonging to unions grew to 3.1 million, up from only 963,720.

Alinsky didn’t live to see that, or a number of other fruits of his labors. But just before his death in 1972, he synthesized the lessons he had learned into a book called “Rules for Radicals,” in which he urged radicals to make common cause with anyone to further their ends. The book was even dedicated, presumably tongue in cheek, to Lucifer, “the very first radical,” who “rebelled against the establishment and did it so effectively that he at least won his own kingdom.”

Alinsky argued for moral relativism in fighting the establishment: “In war the end justifies almost any means. . . . The practical revolutionary will understand [that] in action, one does not always enjoy the luxury of a decision that is consistent both with one’s individual conscience and the good of mankind.”

Where did Alinsky get this amorality? Clues can be found in a *Playboy* magazine interview he gave in 1972, just before his death. In the closest thing to a memoir Alinsky left, he told how he decided to do his (never-completed) doctoral dissertation in the 1930s on the Al Capone mob, and to do it as “an inside job.” He caught the eye of Big Ed Stash, the mob’s top executioner, and convinced him he could be trusted as a sort of mob mascot who would interpret its methods to the outside world. “He introduced me to Frank Nitti, known as the Enforcer, Capone’s number-two man,” Alinsky told *Playboy*. “Nitti took me under his wing. I called him the Professor and I became his student. Nitti’s boys took me everywhere.”

Alinsky recalled that he “learned a hell of a lot about the uses and abuses of power from the mob,” and that he applied that knowledge “later on, when I was organizing.” The *Playboy* interviewer asked, “Didn’t you have any compunction about consorting with — if not actually assisting — murderers?” Alinsky replied: “None at all, since there was nothing I could do to stop them from murdering. . . . I was a nonparticipating observer in their professional activities, although I joined their social life of food, drink, and women. Boy, I sure participated in that side of things — it was heaven.”

Unlike the mob members he hung out with, Alinsky never coveted great wealth. “He was essentially a thrill-seeker who admitted he was easily bored and always had to stir things up,” says Lee Stranahan, who was a blogger for the *Huffington Post* until last year, when his research into Alinsky-inspired groups soured him on the Left. “His followers are even more ideological and relentless than he was.”

Alinsky’s tactics of intimidation are a case in point. His most oft-quoted rule is “Pick the target, freeze it, personalize it, and polarize it. . . . One acts decisively only in the conviction that all the angels are on one side and all the devils on the other.”

Obama’s White House has honed that tactic to perfection. In 2009, then–communications director Anita Dunn sneered that Fox News “really is not a news network at this point.” President Obama himself has, in the spirit of Alinsky, gone out of his way to lambaste “fat-cat bankers” and greedy health insurers.

“[The administration has] shown they’ll go after anybody or any organization that they think is standing in their way,” Senate minority leader Mitch McConnell said in a February speech. “You know the drill. Expose these folks to public view, release the liberal thugs on them, and then hope the public pressure or the unwanted attention scares them from supporting similar causes down the road.”

What exactly are the connections between Obama and Saul Alinsky’s thought? In 1985, the 24-year-old Obama answered a want ad from the Calumet Community Religious Conference, run by Alinsky’s Chicago disciples. Obama was profoundly influenced by his years as a community organizer in Chicago, even if he ultimately rejected Alinsky’s disdain for electoral politics and, like Hillary Clinton, chose to work within the system. “Obama embraced many of Alinsky’s tactics and recently said his years as an organizer gave him the best education of his life,” wrote Peter Slevin of the *Washington Post* in 2007. That same year, *The New Republic*’s Ryan Lizza found Obama still “at home talking Alinskian jargon about ‘agitation’” and fondly recalling organizing workshops where he had learned Alinsky concepts such as “being predisposed to other people’s power.”

In 1992, after Obama returned to Chicago from Harvard Law School, he ran a voter-registration drive for Project Vote, an ACORN affiliate set up by Alinsky acolytes. The purportedly non-partisan effort registered 135,000 new voters and was integral to the election of Carol Moseley Braun to the Senate. Obama then moonlighted as a top trainer for ACORN.

Obama even became ACORN’s attorney in 1995, when he sued on its behalf to implement the “Motor Voter” law — a loose system of postcard voter registration that has proven to be a bonanza for vote fraudsters — in Illinois. Later, while on the board of the liberal Woods Fund, Obama saw to it that the group gave substantial grants to ACORN.

His 2008 presidential campaign quietly hired ACORN affiliates to handle get-out-the-vote efforts in Ohio and Pennsylvania, improperly concealing their activities in Federal Election Commission reports as being for “staging and lighting.” Obviously, Team Obama was eager to distance itself from ACORN’s reckless record in voter-registration-fraud scandals. Indeed, since then ACORN has gone into bankruptcy following the surfacing of undercover videos showing its employees offering advice on setting up a warehouse for underage illegal aliens.

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Mr. Fund, a writer based in New York, is the author of [*Stealing Elections: How Voter Fraud Threatens Our Democracy*](#).

New York Sun - Editorial **[Ex Parte Obama](#)**

It’s been a long time since we’ve heard a presidential demarche as outrageous as President Obama’s warning to the Supreme Court not to overturn Obamacare. The president made the remarks at a press conference with the leaders of Mexico and Canada. It was an attack on the court’s standing and even its integrity in a backhanded way that is typically Obamanian. For starters the president expressed confidence that the Court would “not take what would be an unprecedented, extraordinary step of overturning a law that was passed by a strong majority of a democratically elected Congress.”

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It is the aspersions the President cast on the Supreme Court, though, that take the cake. We speak of the libel about the court being an "unelected group of people" who might "somehow overturn a duly constituted and passed law." This libel was dealt with more than two centuries ago in the newspaper column known as 78 Federalist and written by Alexander Hamilton. It is the essay in which Hamilton, a big proponent of federal power, famously described the Court as "the weakest of the three departments of power." It argued that the people could never be endangered by the court — so long as the judiciary "remains truly distinct from both the legislature and the Executive."

It was precisely the separation of the courts from the other two branches, Hamilton argued, that gives the court its legitimacy. He asserted that "the natural feebleness of the judiciary" puts it in "continual jeopardy of being overpowered, awed, or influenced by its co-ordinate branches" and wrote it's "permanency in office" — meaning life tenure for judges — was "an indispensable ingredient in its constitution, and, in a great measure, as the citadel of the public justice and the public security." Continued he: "The complete independence of the courts of justice is peculiarly essential in a limited Constitution." Then the famous sentences:

"Some perplexity respecting the rights of the courts to pronounce legislative acts void, because contrary to the Constitution, has arisen from an imagination that the doctrine would imply a superiority of the judiciary to the legislative power. It is urged that the authority which can declare the acts of another void, must necessarily be superior to the one whose acts may be declared void. As this doctrine is of great importance in all the American constitutions, a brief discussion of the ground on which it rests cannot be unacceptable. There is no position which depends on clearer principles, than that every act of a delegated authority, contrary to the tenor of the commission under which it is exercised, is void. No legislative act, therefore, contrary to the Constitution, can be valid. . . .

"If it be said that the legislative body are themselves the constitutional judges of their own powers, and that the construction they put upon them is conclusive upon the other departments, it may be answered, that this cannot be the natural presumption, where it is not to be collected from any particular provisions in the Constitution. It is not otherwise to be supposed, that the Constitution could intend to enable the representatives of the people to substitute their will to that of their constituents. It is far more rational to suppose, that the courts were designed to be an intermediate body between the people and the legislature, in order, among other things, to keep the latter within the limits assigned to their authority. "

Eventually the Supreme Court itself, in the case known as *Marbury v. Madison*, spelled out the logic of judicial review. We've always felt it was important to note that the Court's authority does not stem from the Court's own assertion of its own powers. It is deeper down, in the writings of the Founders themselves, and part of the American bedrock. It exists at the Federal level and in the constitutions of the states. The idea of separated powers was first put down in plain language in our laws in the constitution of Massachusetts, which noted that the aim was to have

a government of laws rather than of men. It is a mark of our cynical age that Mr. Obama would challenge these assumptions. One can attribute the error of judgment to the fear that once the Court gets its back up and decides to hold the Congress to the powers that are enumerated in the Constitution, it's not just Obamacare that is in danger but the whole regime of runaway power in Washington.

American.com

Actually, the affordable housing push did cause the subprime crisis

by Edward Pinto

Attempts continue in the blogosphere to deny the government's central role in the housing collapse and ensuing crisis. The latest is by Washington Post reporter Suzy Khimm: "[No, the affordable housing push didn't cause the subprime crisis.](#)"

What Ms. Khimm and others ignore is the inherently risky nature of real estate lending and the government's well-documented role in weakening credit standards.

One can explain what happened in three sentences:

1. The private sector has a long history of booms and busts in real estate, which demonstrates it is perfectly capable of doing incredibly dumb things on its own, without the government's active encouragement.
2. While the private sector usually can sustain dumb things for 3 years or so before defaults soar, it took government policies promoting dumb and irresponsible things such as no down payment loans with 30-year or longer amortization terms to promote a housing boom which continued unabated for 13 years in nominal dollars and 9 years in real dollars.
3. This created the largest housing bubble in our history followed by the largest housing bust.

Here are excerpts from a 2007 NYT op-ed entitled "['Irresponsible' Mortgages Have Opened Doors to Many of the Excluded](#)" by Professor Goolsbee, who went on to become the chief economist for the President's Economic Recovery Advisory Board. He was also the chairman of the Council of Economic Advisers and a member of the Cabinet. This was written at a time when promoters of the government's efforts to use loosened underwriting to expand homeownership were still taking credit for the seemingly positive results. He noted with approval:

[t]he three decades from 1970 to 2000 witnessed an incredible flowering of new types of home loans. These innovations mainly served to give people power to make their own decisions about housing, and they ended up being quite sensible with their newfound access to capital.

Also, the historical evidence suggests that cracking down on new mortgages may hit exactly the wrong people. As Professor Rosen explains, "The main thing that innovations in the mortgage market have done over the past 30 years is to let in the excluded: the young, the discriminated against, the people without a lot of money in the bank to use for a down payment." It has allowed them access to mortgages whereas lenders would have once just turned them away.

The Center for Responsible Lending estimated that in 2005, a majority of home loans to African-Americans and 40 percent of home loans to Hispanics were subprime loans. The existence and spread of subprime lending helps explain the drastic growth of homeownership for these same groups. Since 1995, for example, the number of African-American households has risen by about 20 percent, but the number of African-American homeowners has risen almost twice that rate, by about 35 percent. For Hispanics, the number of households is up about 45 percent and the number of homeownership households is up by almost 70 percent.

And do not forget that the vast majority of even subprime borrowers have been making their payments. Indeed, fewer than 15 percent of borrowers in this most risky group have even been delinquent on a payment, much less defaulted.

When contemplating ways to prevent excessive mortgages for the 13 percent of subprime borrowers whose loans go sour, regulators must be careful that they do not wreck the ability of the other 87 percent to obtain mortgages.

Unlike Professor Goolsbee, HUD could not keep its story straight on what had caused this revolution in affordable lending.

HUD in 2004:

Over the past ten years, there has been a 'revolution in affordable lending' that has extended homeownership opportunities to historically underserved households. Fannie Mae and Freddie Mac have been a substantial part of this 'revolution in affordable lending'. During the mid-to-late 1990s, they added flexibility to their underwriting guidelines, introduced new low-downpayment products, and worked to expand the use of automated underwriting in evaluating the creditworthiness of loan applicants. HMDA data suggest that the industry and GSE initiatives are increasing the flow of credit to underserved borrowers. Between 1993 and 2003, conventional loans to low income and minority families increased at much faster rates than loans to upper-income and non-minority families.

HUD in 2010:

... the sharp rise in mortgage delinquencies and foreclosures is fundamentally the result of rapid growth in loans with a high risk of default—due both to the terms of these loans and to loosening underwriting controls and standards. Mortgage industry participants appear to have been drawn to encourage borrowers to take on these riskier loans due to the high profits associated with originating these loans and packaging them for sale to investors. While systematic information on borrowers' motivations in obtaining these loans is not available, existing evidence suggests that some borrowers did not understand the true costs and risks of these loans while others were willing to take on these risks to tap accumulated home equity or to obtain larger homes.

HUD and others deniers of the government's role can't have it both ways.

For a more detailed explanation as to how this "revolution in affordable lending" was orchestrated by HUD and other government agencies, see [Government Housing Policy: The Sine Qua Non of the Financial Crisis](#).

Washington Free Beacon

Democrats in Disarray

A good week for the good guys – finally

by Matthew Continetti



Hoping to spend the week sliming Paul Ryan and screeching about the mythical Republican “war on women,” the Democrats instead have been set back as the news cycle spun out of their control. Foreign policy, health care, and energy have forced them into a defensive crouch. No wonder I’m in such a good mood.

David Axelrod most likely is not. He must have wished he could go back to bed on the morning of Mar. 26, when news broke of President Obama’s “hot mic” moment at the security summit in South Korea. ABC News had caught the president telling Putin stooge Dmitri Medvedev that he needed the Russian dictator to give him “[space](#)” on issues such as missile defense until after “my last election,” at which time he will have “more flexibility.” Medvedev nodded sympathetically throughout the conversation and said, [in his best General Orlov imitation](#), “I will transmit this information to Vladimir.” All that was missing from the ridiculous exchange were fulminations over “[moose and squirrel](#).”

The president embarrassed himself. Not only did Obama give us a glimpse of his backwards statesmanship, in which “diplomacy” involves telling a corrupt strongman that electoral concerns prevent him from further accommodation. He also reminded Republicans and independents of the high stakes in 2012. What would be the results, not a few conservatives wonder, if the president had all the “flexibility” he desires?

As it happened, the hot microphone mess was the least of the president’s troubles. The gaffe was still in the news when oral arguments over the Patient Protection and Affordable Care Act began at the Supreme Court. The first day of proceedings concerned whether the Court could

rule on the law at all since the individual mandate will not be enforced until 2014. But even those arguments went poorly for the administration and its hapless solicitor general, [Donald Verrilli Jr.](#), who was [unable to explain](#) how the mandate could be a “penalty” one day and a “tax” the next day.

Yet the liberal panic did not truly begin until Mar. 27, when the Court heard arguments over the mandate’s constitutionality and even the president’s most hardened supporters had to acknowledge his signature policy was in trouble. No sooner had the proceedings concluded than [a hysterical Jeffrey Toobin](#) fled the courtroom, screaming that Obamacare was in “grave, grave” condition. The flimsiness of the administration’s arguments had transformed Toobin into a [Henny Penny in drag](#), running around Capitol Hill and warning his fellow liberals that the Court could overrule Obamacare in “[one big package](#)” and that at the very least the mandate is “[doomed](#).”

The administration and its friends in the media found themselves in a truly helpless position. If Toobin is proven right and the Court overrules Obamacare in part or in whole, Republicans will pounce, the president will look like a loser, and Democrats will be both demoralized and radicalized (not a winning combination). If Toobin is proven wrong, however, he will look like an idiot, Republicans and Tea Party activists will mobilize for the fall, and Democrats still will have to defend [an unpopular law](#) whose [consequences grow worse](#) with each passing minute.

The liberal reaction to this dilemma has been a predictable combination of spin and scapegoating. The noted legal mind Chuck Todd, who seems to have missed the class on [Marbury v. Madison](#), asked guests on his show whether a Court decision against the health care overhaul [might not be an unprecedented intrusion](#) of one branch of government over the elected branches. Meanwhile, [James Carville](#) and [Harry Reid](#) lamely suggested an anti-Obamacare ruling would be good for the president and his party. The White House was reduced to using [Newspeak](#), referring to the mandate as the “[personal responsibility clause](#).”

It was Verrilli, however, who bore the brunt of the blow. After transcripts and audio of the arguments revealed little difference between his platform and that of a former [Miss Teen South Carolina](#), left-of-center talking heads likened the longtime attorney to [Bill Buckner](#) and [a clueless actor in a fifth-grade play](#). Mike Barnicle suggested that the administration would have been better off sending in [Vincent LaGuardia “Vinny” Gambini](#) to argue the case.

None of the commentators who hurled these insults dared to ask whether they might have done any better. They probably could not have improved on Verrilli’s performance for the simple reason that the arguments for the constitutionality of the federal health insurance mandate are weak. So it goes: Whenever liberals are dealt a setback, as has happened repeatedly during the last three years, they blame their defeat on a lack of message. Once again, they have failed to realize that the marketing is not the problem. The problem is what they are selling.

As a possible anti-Obamacare majority was forming inside the Supreme Court chambers, the magnitude of this week’s Democratic rout was becoming apparent across First Street. Senate Democrats had hoped to spend the last few days before Easter Recess reminding Americans that Republicans are the protectors of those horrible, greedy oil companies. To that end Harry Reid, Chuck Schumer, and Dick Durbin had Bob Menendez introduce a bill eliminating tax breaks for carbon energy producers and replacing them with tax breaks for green energy companies. The Democratic leadership had expected the Republican caucus to block debate on the Menendez proposal, handing liberals and the White House a tactical victory.

This is your Democratic-controlled Senate at work: No budget in three years but plenty of votes to score partisan points. What the oaf from Nevada had not anticipated, however, was that [Republican leader Mitch McConnell would allow debate on the bill](#), thereby providing the Senate GOP an opening to blame Obama's anti-drilling policies for high gas prices. The Menendez proposal went down in the end as expected, but not before Republicans turned the tables on Democrats.

The week ends, then, with the Democrats in disarray as a result of the president's gaffe, unanticipated trouble at the Court, and shrewd maneuvering by McConnell. Having spent most of 2012 under fire for the mind-numbing Republican primary and for not properly appreciating Sandra Fluke's unique contributions to society, this was the first good news cycle for conservatives in a long time. Might as well enjoy it while it lasts. Rarely do politics get better than this. Though they might on [Nov. 6](#).

Reason

[Forget About Income Inequality](#)

Opening more economic opportunities will help the poor, not eradicating inequalities.

by Shikha Dalmia

This article is part of [What to Do about Inequality](#), a Boston Review forum on correcting gross inequities in pre-tax income

Reading David Grusky's essay is a strange experience: with the wrong diagnosis, he gets half of the right cure.

Grusky maintains that the central problem confronting America is income inequality. He argues that the root cause of this malady lies in how rich people acquire their pre-tax income—by rigging the rules of the market to extract illicit “rents.” In other words, the economic system, not the tax system, is unfair. Therefore, he argues, redistributive taxation—the remedy of choice for progressives—targets the symptom not the cause.

Grusky's claims about rising income inequality are seriously overblown. But even if they weren't, it wouldn't automatically follow that we should care given that the material well being of Americans has not only been improving, but even equalizing across classes. Still, Grusky's therapies—reforming the higher education industry and doing “something” about obscene CEO salaries—might be desirable if aimed at maximizing opportunities rather than equalizing incomes, which is, at best, a distraction.

Grusky points out, “The share of pre-tax income flowing to the top 1 percent of households increased from less than 10 percent in 1975 to more than 20 percent now.” The implication is that greedy CEOs are gobbling up a greater share of the national wealth, leaving less for everybody else.

But if Grusky wants to measure market-generated income inequality, household income is not the proper metric; individual income is. That's because market rewards—paychecks, capital gains, and dividends—go to individuals, not households. Gini coefficients, which measure

inequality, *decreased* slightly for individuals between 1994 and 2010, while showing a modest uptick for households, meaning that individuals became more equal and households less so. The uptick in household inequality might be unrelated to the economy. For example, if rich individuals marry other rich individuals and the poor marry poor—as is increasingly the case—household income disparities will increase even though individual incomes remain unchanged. Similarly, a higher divorce rate among the poor would diminish their relative household income even if all individual earnings remain the same. Equalizing incomes across households then would require addressing segregation and family breakdown, not reinventing the economy.

America has done a remarkable job of closing the only gap that matters: the personal well-being gap.

Furthermore, any indictment of capitalism worth its salt has to show not just that the rich are getting richer, but that they do so by making the poor poorer. There is no evidence of that. Facebook recently floated an IPO making Mark Zuckerberg the richest 27-year-old in America. I didn't notice my bank balance dip.

Many progressives paraded the October Congressional Budget Office finding that between 1979 and 2007 after-tax income of the top 1 percent of households grew 275 percent. They failed to mention that the same study also found a 65 percent income gain in households in the top quintile; for those in the 21st through 80th range, 40 percent; and the bottom quintile, 18 percent. In short, no group lost ground.

Wealth might have been even more evenly distributed in a truly competitive market undistorted by corporate subsidies, onerous regulations that discriminate against smaller players, and barriers to entry that protect incumbents in labor markets and industry. Or not. More open immigration policies, for example, might have allowed more prospective gazillionaires such as Sun Microsystems' Vinod Khosla and Google's Sergey Brin into the country, skewing income distribution even further. We'll never know. We do know that market distortions diminish economic opportunities and are therefore more urgent candidates for reform than out-of-whack CEO salaries, Grusky's *bête noire*.

But, despite such opportunity-restricting distortions, America has done a remarkable job of closing the only gap that matters: the personal well-being gap. As economist Tyler Cowen has described, the difference between the basic goods available to average Americans and mega-rich folks such as Bill Gates has steadily decreased. Gates might have personal jets and private gardens. But thanks to technology-driven productivity increases and lowered trade barriers, almost every American can afford bypass surgeries, laptops with Internet access, cars, TVs, and occasional air travel.

What's more, America remains a highly income-mobile society where poverty is a stage of life, not a way of life. There is no permanent underclass here. A study by Thomas Garrett of the St. Louis Federal Reserve recently found that between 1996 and 2005—nine short years—roughly half of taxpayers who began in the bottom income quintile moved up to a higher one.

To be sure, Americans might be able to scale the income-mobility ladder faster and higher if there were even more opportunities for education and entrepreneurship. That's why Grusky is right to draw attention to America's highly cartelized higher-education industry, which has created an artificial scarcity of college slots. Strict accreditation requirements—written by the

colleges themselves—have made it very difficult for competitors to set up shop, causing college tuition to shoot up four times more than general inflation in four decades, with no appreciable increase in quality—the exact opposite of the rest of the economy. Breaking this cartel should be a top priority of lawmakers, second only to reforming the K–12 system.

But that requires a commitment to maximizing opportunities and not getting distracted by red herrings such as income inequality.

Shikha Dalmia is a Reason Foundation senior analyst.

Investors.com

Late Night Humor

by Andrew Malcolm

Conan: New LA Dodgers owner Magic Johnson says he plans no major changes for the club other than the team will now play basketball.

Leno: A New York City madam says John Edwards was a customer. This is the first time a hooker is more embarrassed at being caught than the john.

Fallon: President Obama said that North Korea is in a 'time warp' that has missed 50 years of progress. North Korea denied the accusation, in a strongly-worded telegram.

Leno: Congratulations to Tiger Woods on his first tournament win in 30 months. Now the guy who's gone the longest without a win is Newt Gingrich.

Leno: Next month the Titanic movie will be re-released in 3D. They say the collision is so real you actually feel like you're on an Italian cruise ship.

Leno: Director James Cameron becomes the first person to reach the deepest ocean floor by himself. Well, not counting Osama bin Laden.

Conan: President Obama warned North Korea's Kim Jong Un that "bad behavior will not be rewarded." Then, Kim asked, "So how do you explain another season of 'Jersey Shore'?"

Letterman: The N.Y. Jets trade to get quarterback Tim Tebow. Nice wholesome, clean-cut, [All-American religious kid](#) in New York City. What could possibly go wrong?

Conan: A German court has ruled local police can racially profile people. But don't worry, it's Germany, so things shouldn't get out of hand.

Conan: The man who posted nude Scarlett Johanssen pix online pleads guilty. The judge reduces the man's sentence if he solemnly swears to do it again.

Conan: A light bulb from 1912 has been discovered that still works. The unused light bulb was found in Angelina Jolie's refrigerator.

Letterman: Newt Gingrich's campaign is broke. All the money gone. So now he's charging \$50 for a photo. And for \$100 you can marry him.

Letterman: Rumors now that Mitt Romney might pick Rick Santorum for his VP running mate. But Rick is dubious. He thinks two guys on the same ticket might be gay.

Letterman: Everybody in New York City jumping on the Tim Tebow bandwagon. Now the crack dealers are even selling milk and cookies.

Letterman: That crazy airline pilot running up and down the aisle, shouting. They finally knocked him out with a dinner roll.

Fallon: An elephant escaped from an Irish circus, wandered to a mall. No one was hurt, but he did sit in one of those Brookstone massage chairs with no intention of buying it.

Conan: Joe Biden flubbed another speech when he accidentally thanked Dr. Pepper instead of a woman named Dr. Paper. Then, Biden apologized and said he meant no disreSprite.

Conan: Investigators now say the first sign that JetBlue pilot was acting strangely came on the ground when he announced an on-time departure.

Conan: Charlie Sheen says he cringes watching his crazy rants from last year. Sheen says he's moved on and is now focused on his new career as a JetBlue pilot.

Conan: Rumors of a secret meeting between Mitt Romney and Newt Gingrich. Apparently, Romney asked if Gingrich would consider being his running mate and Gingrich asked Romney, "Are you going to finish those fries?"

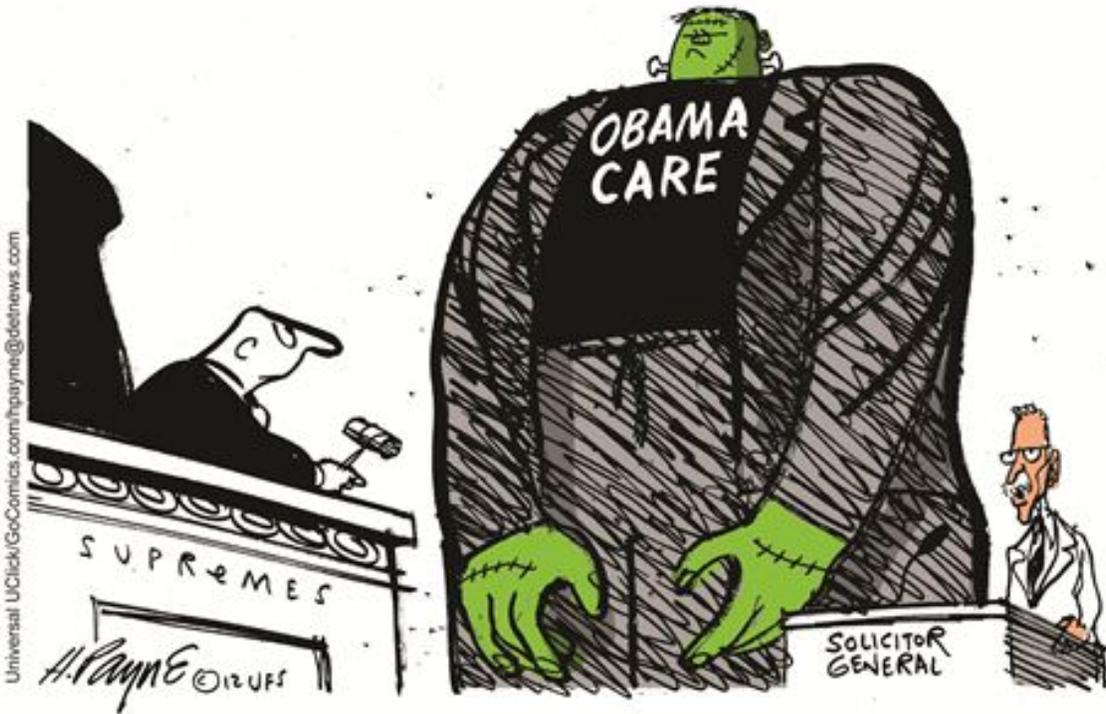
Leno: After this week's arguments it looks like Obama now expects the Supreme Court to throw out his healthcare plan. Today he started calling it Bidencare.

Letterman: Newt Gingrich is in such financial trouble with his national campaign that he's now closed all of his Canadian offices.

Letterman: New York City has gone wild for Tim Tebow. Even Times Square hookers are now offering a Tim Tebow special--for an extra \$50, no sex.

Fallon: Recent research finds women are better investors than men. I don't think so—and I'm willing to bet all my Beanie Babies on it.

Leno: Poor JetBlue. Doing all it can to handle its recent problems. Now in the gate areas they have tackling dummies so before boarding passengers can practice subduing the crew.



"OF COURSE IT'S MEDICALLY SOUND."

