February 24, 2013

Roger Simon posts on Kerry's first speech.

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But I did have a chuckle, remembering that sometime during or after the 2004 presidential campaign it was revealed that Kerry did even more poorly at Yale than the supposedly dopey George W. Bush. In fact, the former Massachusetts senator received four "Ds" in his freshman year, including one in geology.

Many of us will recall that geology, often known as "Rocks for Jocks," was the preferred method of fulfilling the college science requirement for those challenged in that area. But a "D" was still pretty disgraceful. I know, having attended Dartmouth and Yale in the same era. (I wasn't the greatest student, but I was a lot better than Kerry or Bush without a whole lot of effort.)

We can assume that our new Sec'y of State is not a science whiz. Nevertheless, Mr. Kerry is apparently certain that anthropogenic global warming is a great danger to the human race and should be the object of a major international effort.

Why does he think so? Because he assumes the vast majority of scientists say so, I would imagine. And also because that's what the bien pensant think and there is no one more orthodox in his views than John Kerry. ...

More on the Kerry speech from **Nile Gardiner**.

Late night host Jay Leno had a good punch line back in November when speculation was mounting that John Kerry might be the next Secretary of Defense. "Apparently this is part of America's new defense strategy to bore our enemies to death," quipped Leno. His second joke of the evening was even better: "the economy is so bad, MSNBC had to lay off 300 Obama spokesmen." His third though was probably the best: "the economy is so bad, President Obama sent Susan Rice out to defend it." (hat tip: The Daily Slog)

Kerry has ended up in Foggy Bottom instead of the Pentagon, but if President Obama's plan is to bore America's allies to death he's clearly succeeding. The former Senator's first speech as Secretary of State, delivered earlier today at the University of Virginia in Charlottesville, was so excruciating that students were probably pleading to be released. It has to be one of the dullest lectures on record by a senior U.S. official, making Madeleine Albright's speeches sound like the Gettysburg Address in comparison. Not only was it exceptionally lethargic, it was also full of badly written clichés put together by a speechwriting team that would be better suited to penning obituaries for The New York Times.

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"The sequester was something that was discussed," Carney said. Walking back the earlier statements, he added carefully, "and as has been reported, it was an idea that the White House put forward."

This was an acknowledgment that the president and Lew had been wrong.

Why does this matter?

First, months of White House dissembling further eroded any semblance of trust between Obama and congressional Republicans. (The Republicans are by no means blameless and have had their own episodes of denial and bald-faced message management.)

Second, Lew testified during his confirmation hearing that the Republicans would not go along with new revenue in the portion of the deficit-reduction plan that became the sequester. Reinforcing Lew's point, a senior White House official said Friday, "The sequester was an option we were forced to take because the Republicans would not do tax increases."

In fact, the final deal reached between Vice President Biden and Senate Minority Leader Mitch McConnell (R-Ky.) in 2011 included an agreement that there would be no tax increases in the sequester in exchange for what the president was insisting on: an agreement that the nation's debt ceiling would be increased for 18 months, so Obama would not have to go through another such negotiation in 2012, when he was running for reelection.

So when the president asks that a substitute for the sequester include not just spending cuts but also new revenue, he is moving the goal posts. His call for a balanced approach is reasonable, and he makes a strong case that those in the top income brackets could and should pay more. But that was not the deal he made.

Speaking of Jack Lew, **Bloomberg columnist Jonathan Weil** posts on the stink coming from his Citigroup contract.
Lew was director of the Office of Management and Budget during President Bill Clinton's administration, after which he worked at New York University as an executive and a professor. He joined Citigroup in 2006 as chief operating officer of its global wealth-management division. Lew was recommended by former Treasury Secretary Robert Rubin, who at the time was chairman of Citigroup's executive committee. (There seems to be an unwritten rule that every Treasury secretary must have deep ties to Rubin.) He became chief operating officer of the bank's alternative-investments unit in January 2008.

Lew's employment agreement with Citigroup said his "guaranteed incentive and retention award" wouldn't be paid if he quit his job, with limited exceptions. One was if he left Citigroup "as a result of your acceptance of a full-time high level position with the United States government or regulatory body." This applied if he left "prior to the payment of any incentive and retention award for performance year 2008 or thereafter." Such an award wasn't guaranteed but would be consistent with the company's practice, the document said.

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Lew was named a deputy secretary of State in 2009, Office of Management and Budget director again in 2010, and then became President Barack Obama's chief of staff in 2012. Now he's up for Treasury secretary, where he would play a critical role in overseeing the U.S.'s financial industry and rescuing it should another crisis ensue. Citigroup couldn't have planned this better if it tried, which raises the natural question: Did it try?

When I asked Citigroup what its rationale was for including the government-service exception, a spokeswoman, Danielle Romero-Apsilos, said: "Citi routinely accommodates individuals who wish to leave the firm to pursue a position in government or nonprofit sector." I pointed out that the contract terms I was asking about didn't mention anything about a nonprofit, but she declined to elaborate on her statement.

More about Jack Lew's lewd history from **David Harsanyi**.
... But there five reasons, at least, why Lew should be disqualified.

One: Lew has no compunction about misleading you.

Lew, a "master" of budgets and all things finance according to the president, has on several occasions lied to the American people to assist the president politically. Not average misrepresentations or partisan evasions, but blatant lies.

When asked on NBC's "Meet the Press" in early 2012 how many days it had been since Senate Democrats passed a budget — over a thousand days for anyone counting at the time – Lew said this: "One of the things about the United States Senate that I think the American people have realized is that it takes 60, not 50, votes to pass something."

It doesn't take 60 votes, as Lew, a man Obama says has "deep and devout faith," knows well. The 60-vote threshold doesn't come into play on budgets.

Lew then repeated this contention on CNN's "State of the Union," saying: "But we also need to be honest. You can't pass a budget in the Senate of the United States without 60 votes and you can't get 60 votes without bipartisan support. So unless Republicans are willing to work with Democrats in the Senate, Harry Reid is not going to be able to get a budget passed." We need to be honest? If Lew is unable to understand basic procedure he has no business in the cabinet, *and if he does comprehend, then Senate has no business confirming a political so willing to mislead the American people to the Treasury.*

Two: Lew personally benefited from the greatest economic downturn since the Great Depression. ...

Here's something for Oscar night. **Glenn Reynolds of Instapundit** writes a WSJ OpEd on state film subsidies.

At the Democratic National Convention last year, actress Eva Longoria called for higher taxes on America's rich. Her take: "The Eva Longoria who worked at Wendy's flipping burgers—she needed a tax break. But the Eva Longoria who works on movie sets does not."

Actually, nowadays an Eva Longoria who flipped burgers would probably qualify for the Earned Income Tax Credit and get a check from the government rather than pay taxes. It's the movie set where she works these days that may well be getting the tax break.

With campaign season over, you're not likely to hear stars bringing up taxes at this weekend's Academy Awards show. But the tax man ought to come out and take a bow anyway. Of the nine "Best Picture" nominees in 2012, for example, five were filmed on location in states where the production company received financial incentives, including "The Help" (in Mississippi) and "Moneyball" (in California). Virginia gave $3.5 million to this year's Oscar-nominated "Lincoln."

Such state incentives are widespread, and often substantial, but they don't do much to attract jobs. About $1.5 billion in tax credits and exemptions, grants, waived fees and other financial inducements went to the film industry in 2010, according to data analyzed by the Center on Budget and Policy Priorities. Politicians like to offer this largess because they get photo-ops with celebrities, but the economic payoff is minuscule. George Mason University's Adam Thierer has called this "a growing cronyism fiasco" and noted that the number of states involved skyrocketed to 45 in 2009 from five in 2002. ...

Roger L. Simon
The Wonderful World of John Kerry

I can't say I was surprised when I read, via a Drudge link, that John Kerry made his first foreign policy speech as secretary of State on the heavyweight scientific subject of climate change (the perils thereof, of course).

But I did have a chuckle, remembering that sometime during or after the 2004 presidential campaign it was revealed that Kerry did even more poorly at Yale than the supposedly dopey George W. Bush. In fact, the former Massachusetts senator received four "Ds" in his freshman year, including one in geology.

Many of us will recall that geology, often known as "Rocks for Jocks," was the preferred method of fulfilling the college science requirement for those challenged in that area. But a "D" was still pretty disgraceful. I know, having attended Dartmouth and Yale in the same era. (I wasn't the greatest student, but I was a lot better than Kerry or Bush without a whole lot of effort.)

We can assume that our new Sec'y of State is not a science whiz. Nevertheless, Mr. Kerry is apparently certain that anthropogenic global warming is a great danger to the human race and should be the object of a major international effort.

Why does he think so? Because he assumes the vast majority of scientists say so, I would imagine. And also because that's what the *bien pensant* think and there is no one more orthodox in his views than John Kerry.

A recent survey of 1077 professional engineers and geoscientists reported by *Investor's Business Daily* gives quite a different picture, however: "… it turns out that only 36% believe that human activities are causing Earth's climate to warm." Indeed, if you read this study you find that there has been a shift among scientists and engineers *away* from AGW. And this is leaving out whether warming is ultimately good or bad, that the polar ice cap has been growing by leaps and bounds and that polar bear population is exploding, etc., etc.

But unlike John Kerry, I have no idea what the truth is. I am not a scientist, nor do I play one on TV, nor did I sleep in a Holiday Inn Express last night. I do not write of this to reopen the global warming discussion, on which I am not expert. What I am trying to do is underscore what a dangerous moment we are at in our society when politicians attempt to make policy based on technological and scientific issues for which they have no discernible preparation or understanding. (The exception may be the few doctors in Congress, *cf*. the recent speech by Ben Carson.)

We should be especially wary of politicians who make these pronouncements about subjects of which they know little or nothing. And unfortunately plenty do. It is a sign they are likely to make pronouncements about all sorts of things based on limited knowledge or, even more frequently, dumbed down conventional wisdom (excuse the tautology).

Kerry's desire to be a *bien pensant*, to be "well thought of," is quite extreme. That was partly what motivated the sixties and seventies war protestors that both he and I were. We wanted to be the cool guys. It didn't matter if you knew anything in those days — just as long as you were cool. But that's over. We don't live in Sam Cooke's "Wonderful World" anymore. Well, maybe Kerry does.

Telegraph, UK

John Kerry threatens to bore the world to death with excruciating first speech as Secretary of State

by Nile Gardiner

John Kerry lectures the world on climate change

Late night host Jay Leno had a good punch line back in November when speculation was mounting that John Kerry might be the next Secretary of Defense. "Apparently this is part of America's new defense strategy to bore our enemies to death," quipped Leno. His second joke of the evening was even better: "the economy is so bad, MSNBC had to lay off 300 Obama spokesmen." His third though was probably the best: "the economy is so bad, President Obama sent Susan Rice out to defend it." (hat tip: The Daily Slog)

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Here is a snippet, with the immortal line, "there is no longer anything foreign about foreign policy."

Some might ask why I'm standing here at the University of Virginia, why am I starting here? A Secretary of State making his first speech in the United States? You might ask, "Doesn't diplomacy happen over there, overseas, far beyond the boundaries of our own backyards?"

So why is it that I am at the foot of the Blue Ridge instead of on the shores of the Black Sea? Why am I in Old Cabell Hall and not Kabul, Afghanistan? (Laughter.)

The reason is very simple. I came here purposefully to underscore that in today's global world, there is no longer anything foreign about foreign policy. More than ever before, the decisions that we make from the safety of our shores don't just ripple outward; they also create a current right here in America. How we conduct our foreign policy matters more than ever before to our everyday lives, to the opportunities of all those students I met standing outside, whatever year they are here, thinking about the future. It's important not just in terms of the threats that we face, but the products that we buy, the goods that we sell, and the opportunity that we provide for economic growth and vitality. It's not just about whether we'll be compelled to send our troops to another battle, but whether we'll be able to send our graduates into a thriving workforce. That's why I'm here today.

Much of the speech focused on why the State Department doesn't really get enough funds, why lavishing taxpayers' money on foreign aid is a good thing, and why 10,000 foreigners participated in State Department programs. As Kerry reminds us, "foreign assistance is not a giveaway. It is not charity. It is an investment in a strong America and free world." The rest of his address is concerned with why America needs to spend more money on climate change, "because if we don't rise to meet it, rising temperatures and rising sea levels will surely lead to rising costs down the road." As Kerry puts it:

We as a nation must have the foresight and the courage to make the investments necessary to safeguard the most sacred trust we keep for our children and our grandchildren, and that is an environment not ravaged by rising seas, deadly superstorms, devastating droughts, and the other hallmarks of a dramatically changing climate. President Obama is committed to moving forward on that, and so am I, and so must you be ready to join us in that effort. So think about all these things that I've listed. Think about the world as you see it today. Let's face it: We are all in this one together. No nation can stand alone. We share nothing so completely as our planet.

For all the above, read big government and more taxes, which pretty much sums up John Kerry's approach to foreign policy and the Obama administration's overall philosophy. This will be the first of countless, exceedingly dull speeches Kerry will give in the next four years on climate change, foreign aid and a host of other expensive, left-wing pet projects, courtesy of the American taxpayer. Next week, when the Secretary of State crosses the Atlantic, expect several hour-long lectures on why Kerry thinks a European superstate will lead the free world, and how the Eurozone has been a roaring success.

Washington Post

Obama's sequester deal-changer

by Bob Woodward

Misunderstanding, mis-statements and all the classic contortions of partisan message management surround the sequester, the term for the $85 billion in ugly and largely irrational federal spending cuts set by law to begin Friday.

What is the non-budget wonk to make of this? Who is responsible? What really happened?

The finger-pointing began during the third presidential debate last fall, on Oct. 22, when President Obama blamed Congress. “The sequester is not something that I’ve proposed,” Obama said. “It is something that Congress has proposed.”

The White House chief of staff at the time, Jack Lew, who had been budget director during the negotiations that set up the sequester in 2011, backed up the president two days later.

“There was an insistence on the part of Republicans in Congress for there to be some automatic trigger,” Lew said while campaigning in Florida. It “was very much rooted in the Republican congressional insistence that there be an automatic measure.”

The president and Lew had this wrong. My extensive reporting for my book “The Price of Politics” shows that the automatic spending cuts were initiated by the White House and were the brainchild of Lew and White House congressional relations chief Rob Nabors — probably the foremost experts on budget issues in the senior ranks of the federal government.

Obama personally approved of the plan for Lew and Nabors to propose the sequester to Senate Majority Leader Harry Reid (D-Nev.). They did so at 2:30 p.m. July 27, 2011, according to interviews with two senior White House aides who were directly involved.

Nabors has told others that they checked with the president before going to see Reid. A mandatory sequester was the only action-forcing mechanism they could devise. Nabors has said, “We didn’t actually think it would be that hard to convince them” — Reid and the Republicans — to adopt the sequester. “It really was the only thing we had. There was not a lot of other options left on the table.”

A majority of Republicans did vote for the Budget Control Act that summer, which included the sequester. Key Republican staffers said they didn’t even initially know what a sequester was — because the concept stemmed from the budget wars of the 1980s, when they were not in government.

At the Feb. 13 Senate Finance Committee hearing on Lew’s nomination to become Treasury secretary, Sen. Richard Burr (R-N.C.) asked Lew about the account in my book: “Woodward credits you with originating the plan for sequestration. Was he right or wrong?”

“It’s a little more complicated than that,” Lew responded, “and even in his account, it was a little more complicated than that. We were in a negotiation where the failure would have meant the default of the government of the United States.”

“Did you make the suggestion?” Burr asked.

“Well, what I did was said that with all other options closed, we needed to look for an option where we could agree on how to resolve our differences. And we went back to the 1984 plan that Senator [Phil] Gramm and Senator [Warren] Rudman worked on and said that that would be a basis for having a consequence that would be so unacceptable to everyone that we would be able to get action.”

In other words, yes.

But then Burr asked about the president's statement during the presidential debate, that the Republicans originated it.

Lew, being a good lawyer and a loyal presidential adviser, then shifted to denial mode: "Senator, the demand for an enforcement mechanism was not something that the administration was pushing at that moment."

That statement was not accurate.

On Tuesday, Obama appeared at the White House with a group of police officers and firefighters to denounce the sequester as a "meat-cleaver approach" that would jeopardize military readiness and investments in education, energy and readiness. He also said it would cost jobs. But, the president said, the substitute would have to include new revenue through tax reform.

At noon that same day, White House press secretary Jay Carney shifted position and accepted sequester paternity.

"The sequester was something that was discussed," Carney said. Walking back the earlier statements, he added carefully, "and as has been reported, it was an idea that the White House put forward."

This was an acknowledgment that the president and Lew had been wrong.

Why does this matter?

First, months of White House dissembling further eroded any semblance of trust between Obama and congressional Republicans. (The Republicans are by no means blameless and have had their own episodes of denial and bald-faced message management.)

Second, Lew testified during his confirmation hearing that the Republicans would not go along with new revenue in the portion of the deficit-reduction plan that became the sequester. Reinforcing Lew's point, a senior White House official said Friday, "The sequester was an option we were forced to take because the Republicans would not do tax increases."

In fact, the final deal reached between Vice President Biden and Senate Minority Leader Mitch McConnell (R-Ky.) in 2011 included an agreement that there would be no tax increases in the sequester in exchange for what the president was insisting on: an agreement that the nation's debt ceiling would be increased for 18 months, so Obama would not have to go through another such negotiation in 2012, when he was running for reelection.

So when the president asks that a substitute for the sequester include not just spending cuts but also new revenue, he is moving the goal posts. His call for a balanced approach is reasonable, and he makes a strong case that those in the top income brackets could and should pay more. But that was not the deal he made.

Bloomberg News
Citigroup’s Man Goes to the Treasury Department
by Jonathan Weil

Jack Lew is the nominee for Treasury secretary whose own bonus as an investment banker was bailed out by the Treasury Department when it rescued Citigroup Inc. (C) in 2008. He owes much to America’s taxpayers. He should also be grateful to Citigroup for agreeing to let him rejoin the government without suffering much for it financially.

An intriguing revelation from Lew’s Senate confirmation hearing last week was that he stood to be paid handsomely by Citigroup if he left the company for a top U.S. government job, under his 2006 employment agreement with the bank. The wording of the pay provisions made it seem, at least to me, as if Citigroup might have agreed to pay Lew some sort of a bounty to seek out, and be appointed to, such a position.

Lew didn’t shed much light on the subject after Senator Orrin Hatch, a Utah Republican, asked him about it at the hearing. “I’m not familiar with records that were kept, so I don’t have access to things that I don’t know about,” Lew said. It wasn’t clear which records (or even which question) Lew was referring to, and Hatch didn’t press the matter.

So I did some digging. I wasn’t able to find someone who would show me an entire copy of Lew’s employment agreement with Citigroup. But I did get a look at the first three pages of it, as well as a related addendum from January 2008. Here goes.

Rubin Connection

Lew was director of the Office of Management and Budget during President Bill Clinton’s administration, after which he worked at New York University as an executive and a professor. He joined Citigroup in 2006 as chief operating officer of its global wealth-management division. Lew was recommended by former Treasury Secretary Robert Rubin, who at the time was chairman of Citigroup’s executive committee. (There seems to be an unwritten rule that every Treasury secretary must have deep ties to Rubin.) He became chief operating officer of the bank’s alternative-investments unit in January 2008.

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Government Work

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Later I asked Romero-Apsilos if Citigroup had a policy of providing financial incentives to senior executives to encourage them to seek high-level federal jobs. She replied: “We have no such incentives, then or now.” I’m not sure I agree with her after reading the part about government service in Lew’s “incentive and retention award.” A Treasury Department spokeswoman, Natalie Earnest, declined to comment.

It makes sense that Lew would have been thinking ahead to his next career move when he joined Citigroup in 2006. It’s also understandable that Citigroup sought to discourage Lew from joining a competitor. Why no mention of other kinds of public service, say a city hall job or returning to teaching? Why reward him for landing only a high-level U.S. government post, but not jobs such as those, which also are of high social importance?

We don’t know the whole story, except that Lew’s agreement clearly attached unique value to the possibility that he might get a top U.S. government position someday. Should that be of concern to the public? It ought to be.

READ: Lew Employment Agreement With Citigroup, Excerpts (PDF)

Human Events

What about Lew? Five reasons to stop his confirmation

by David Harsanyi

It’s difficult for me to understand why Jack Lew, the White House Chief of Staff and President Barack Obama’s nominee for Treasury Secretary, is having an easier time navigating the nomination process than Chuck Hagel or John Brennan – or any nominee in recent memory, actually.

Last week, Lew faced some questions from the Senate Finance Committee this week on array of economic problems – some of which, incidentally, he had a hand in creating – but there were few surprises and most expect the two-time director of the Office of Management and Budget to be confirmed. Other than Jeff Sessions, who wrote a Dear Colleague letter this week laying out the case against Lew, few Republicans seem to be prepared to stop Lew.

Ideologically speaking, Lew is a fine fit for the administration; the sort of man who talks about government budgets — "When it's woven together, the picture amounts to our hopes and dreams of a nation" – as an average American might talk about his faith. His ideology might be a grave problem for you and me, but it's not a good enough a reason to sink a confirmation.

And Lew may have invested $56,000 in a Citigroup venture-capital fund registered in a Cayman Islands building that Obama referred to as "the largest tax scam in the world"; and sure Lew might have told the Senate Finance Committee that sequester cuts "would impose self-inflicted wounds to the recovery and put far too many jobs and businesses at risk" even though he was the one who first brought the idea to the negotiating table, but crass hypocrisy is probably not enough to stop a nomination, either.

But there five reasons, at least, why Lew should be disqualified.

One: Lew has no compunction about misleading you.

Lew, a "master" of budgets and all things finance according to the president, has on several occasions lied to the American people to assist the president politically. Not average misrepresentations or partisan evasions, but blatant lies.

When asked on NBC's "Meet the Press" in early 2012 how many days it had been since Senate Democrats passed a budget — over a thousand days for anyone counting at the time – Lew said this: "One of the things about the United States Senate that I think the American people have realized is that it takes 60, not 50, votes to pass something."

It doesn't take 60 votes, as Lew, a man Obama says has "deep and devout faith," knows well. The 60-vote threshold doesn't come into play on budgets.

Lew then repeated this contention on CNN's "State of the Union," saying: "But we also need to be honest. You can't pass a budget in the Senate of the United States without 60 votes and you can't get 60 votes without bipartisan support. So unless Republicans are willing to work with Democrats in the Senate, Harry Reid is not going to be able to get a budget passed." We need to be honest? If Lew is unable to understand basic procedure he has no business in the cabinet, and if he does comprehend, then Senate has no business confirming a political so willing to mislead the American people to the Treasury.

Two: Lew personally benefited from the greatest economic downturn since the Great Depression.

No, it's not illegal, but Lew pocketed a $940,000 bonus from Citigroup in early 2009, just as the bank was receiving $45 billion from taxpayers. In other words, Obama has nominated one of the very bloodsuckers he has been warning America about for four years. Lew – who took a two-year break from a lifetime of living off taxpayers — was there for a handout. He was chief operating officer of a $54 billion hedge fund and private equity division that lost nearly $500 million in one quarter betting against the housing market — or as Joe Biden might say, betting against America.

If we accept the president's narrative about the recession, doesn't the Senate have a duty to stop the nomination of a man who profited from the suffering of the American middle class?

Three: He's not qualified.

Then again, Lew claims he had nothing to do with the investments at Citi, explaining to the committee that the work he did in 2008 "was running the business of the business in a year when the financial products of the firm were not doing well. I was not in the business of making investment decisions. I was certainly aware of things that were going on, but I wasn't designing (investments) and I wasn't opining on them."

If all this is true, and Lew was no more than a corporate pencil pusher with negligible comprehension of the investment world, what qualifications does he have to be Secretary of the Treasury? During his last Senate hearing, Lew actually told member that he didn't consider himself an expert of the financial sector.

Real-world experience doesn't make a successful Treasury Secretary, of course, but surely that sort of experience should be a factor in the nomination process. Timothy Geithner was president of the Federal Reserve Bank of New York. Henry Paulson was Chairman and Chief Executive Officer of Goldman Sachs. John Snow was CEO of CSX Corp.. Paul O'Neill, CEO of Alcoa and chairman of the RAND Corporation. Jack Lew is a political operative that created a few budgets even Democrats wouldn't vote for … which brings me to this point:

Four: His track record stinks.

In February 2011, Lew, then director of Office of Management and Budget, told CNN: "Our budget will get us, over the next several years, to the point where we can look the American people in the eye and say we're not adding to the debt anymore; we're spending money that we have each year, and then we can work on bringing down our national debt."

Actually that plan, according to Lew's own numbers, would have added $13 trillion to the debt. And here are the actually yearly deficits of the Obama budgets: 2010 it was $1.293 trillion and in 2011 it was $1.645 trillion and in 2012, $1.101 trillion. The last time Jack Lew wrote a budget the Congressional Budget office found that it would add $6.4 trillion in deficits. Not a single senator voted for the Lew budgets.

Five: He might have broken the law.

Every year that the Medicare Trustees release a warning that the program's in financial trouble, the president is supposed to issue a legislative proposal telling congress how it plans to resolve funding issues. For four years we've had these warnings and for four years the Obama administration has failed to comply with Medicare law. For two of those years, Lew was heading up the Office of Management and Budget and he was responsible to submit those proposals.

Any one of those reasons should be enough to stop this nomination. The question is: will Republicans be willing to expend us much capital doing so as they have for other nominee?

WSJ

The Hollywood Tax Story They Won't Tell at the Oscars

It's easy to demand higher levies on the 'rich' when your own industry gets $1.5 billion in government handouts.

by Glenn Harlan Reynolds

At the Democratic National Convention last year, actress Eva Longoria called for higher taxes on America's rich. Her take: "The Eva Longoria who worked at Wendy's flipping burgers—she needed a tax break. But the Eva Longoria who works on movie sets does not."

Actually, nowadays an Eva Longoria who flipped burgers would probably qualify for the Earned Income Tax Credit and get a check from the government rather than pay taxes. It's the movie set where she works these days that may well be getting the tax break.

With campaign season over, you're not likely to hear stars bringing up taxes at this weekend's Academy Awards show. But the tax man ought to come out and take a bow anyway. Of the nine "Best Picture" nominees in 2012, for example, five were filmed on location in states where the production company received financial incentives, including "The Help" (in Mississippi) and "Moneyball" (in California). Virginia gave $3.5 million to this year's Oscar-nominated "Lincoln."

Such state incentives are widespread, and often substantial, but they don't do much to attract jobs. About $1.5 billion in tax credits and exemptions, grants, waived fees and other financial inducements went to the film industry in 2010, according to data analyzed by the Center on Budget and Policy Priorities. Politicians like to offer this largess because they get photo-ops with celebrities, but the economic payoff is minuscule. George Mason University's Adam Thierer has called this "a growing cronyism fiasco" and noted that the number of states involved skyrocketed to 45 in 2009 from five in 2002.

In its 2012 study "State Film Studies: Not Much Bang For Too Many Bucks," the Center on Budget and Policy Priorities found that film-related jobs tend to go to out-of-staters who jet in, then leave. "The revenue generated by economic activity induced by film subsidies," the study notes, "falls far short of the subsidies' direct costs to the state. To balance its budget, the state must therefore cut spending or raise revenues elsewhere, dampening the subsidies' positive economic impact."

Sometimes it is even worse, as demonstrated by Michigan's effort, begun under former Gov. Jennifer Granholm, to woo the motion picture industry with an expensive state-of-the-art studio facility built on the site of a former General Motors factory in Pontiac. State leaders ballyhooed the plan as a way of moving from old-style industry to new.

Despite tens of millions of dollars in state investment, the promised 3,000-plus jobs didn't appear. As the Detroit Free Press reported last year, the studio employed only 15-20 people. That isn't boffo. That's a bust. The studio has defaulted on interest payments on state-issued bonds, and the guarantors—the state's already stressed pension funds—may wind up holding the bag. "In retrospect, it was a mistake," conceded Robert Kleine, the former state treasurer who signed off on the plans in 2010.

Michigan has drastically scaled back its subsidies under Gov. Rick Snyder, who said that he would rather spend the money on schools, police or the successful "Pure Michigan" ad campaign aimed at drawing tourists to the state.

Iowa ended its motion-picture subsidies in 2010, after officials misused $26 million in state money, leading to criminal charges. According to a 2008 investigation by Iowa Auditor David Vaudt, 80% of tax credits issued under the state's film-subsidy program had been issued improperly (to production companies that weren't even spending the money in Iowa, for example). The Council of State Governments reports that other states, from New Jersey to Alaska, are beginning to rethink their subsidies, too.

The $1.5 billion in subsidies that states provide, according to the Center on Budget and Policy Priorities, "would have paid for the salaries of 23,500 middle school teachers, 26,600 firefighters, and 22,800 police patrol officers." Or it could have gone to cut taxes on small businesses, which, as Ms. Longoria noted in her DNC speech, produce two out of three jobs in the economy.

In her words: "It's the suburban dad who realizes his neighborhood needs a dry cleaner. It's the Latina nurse whose block needs a health clinic—and she knows she's the one to open it! It's the high school sophomore who is building Facebook's competitor. They are the entrepreneurs driving the American economy."

And they are the people who aren't receiving the kind of special tax treatment that states dole out to Hollywood.

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SEQUESTER
OH, NO! WHAT DO WE DO, MASTER?
BLAME REPUBLICANS!
PRESS


LOOK OUT! WE'RE ALL GONNA DIE!!!
SEQUESTER
SPENDING

"The creatures outside looked from pig to man, and from man to pig, and from pig to man again; but already it was impossible to say which was which." George Orwell - Animal Farm